COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED SEPTEMBER 30, 2018

TOWN OF SUNNYVALE, TEXAS

Town of Sunnyvale
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Sunnyvale, TX 75182
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Fax: 972-226-1804
www.townofsunnyvale.org

March 25, 2019

Honorable Mayor and Town Council
Town of Sunnyvale, Texas

Dear Mayor and Council Members:

The Comprehensive Annual Financial Report ("CAFR") of the Town of Sunnyvale, Texas, for the year ended September 30, 2018, is submitted herewith.

Management assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive framework of internal control that is established for this purpose. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements.

Mike Ward Accounting and Financial Consulting, PLLC has issued an unmodified ("clean") opinion on the Town of Sunnyvale's financial statements for the year ended September 30, 2018. The independent auditor's report is located in the beginning of the financial section of the CAFR.

This letter of transmittal is designed to complement Management's Discussion and Analysis (MD&A) and should be read in conjunction with it. The Town's MD&A can be found immediately following the independent auditors' report and provides a narrative introduction, overview and analysis of the basic financial statements.

GENERAL INFORMATION – TOWN OF SUNNYVALE

The Town of Sunnyvale is a small, upscale community located about 15 miles east of downtown Dallas. Incorporated in 1953 and occupying approximately 16.8 square miles, Sunnyvale is a Town founded upon uniqueness in the quality of life that our citizens enjoy and the positive environment in which our local businesses can prosper.

The Town operates under the Council-Manager form of government. Policy-making and legislative authority are vested in a governing Council of the Mayor and six (6) Council members. The Town Council is responsible for, among other things, passing ordinances, adopting the budget, appointing committees, and hiring the Town Manager. The Town Manager is responsible for carrying out the policies and ordinances of the Town Council, and for overseeing the day-to-day operations of the Town.

The Town provides a range of services, including public safety, fire, medical emergency, maintenance of streets and infrastructure, community development, provision of water and wastewater utilities, library services as well as general administrative services.

The annual budget serves as the foundation of the Town's financial planning and control. The respective department heads prepare and submit line item budget requests for the operations and maintenance portion of their respective departments as well as a listing of capital items for consideration. The entire budget process includes public involvement as the various elements composing the budget are reviewed in open and advertised public meetings prior to final approval and adoption.

ECONOMIC CONDITIONS AND OUTLOOK

During the past several years, the Town has experienced similar economic challenges as other entities in the region, state and nation. Property tax revenues provide the greatest portion of the Town's total governmental revenue stream. Historically, the Town has realized strong property value growth and experienced an increase in property values for fiscal year 2017-18. The property tax rate was lower from 2017 and property tax revenues were 14% more than the prior year due to the increase in taxable value and new construction.

Building activity increased throughout the community with the Town experiencing the addition of new homes and continues to work with developers to expand and diversify available retail opportunities. Sales tax revenues continue to trend upward. The Town closely monitors all local economic indicators with the intention of being able to respond as needed.

FOR THE FUTURE

The Town Council has identified strategic plan objectives and most of the major initiatives are directly related to those objectives. Of extreme importance is the objective to enhance the quality of life of our citizens, through both infrastructure improvements and the proper maintenance of the existing infrastructure. The following are current initiatives and expected completion dates:

CIP Infrastructure Assessment and Financial Plan	Spring	2019
Drainage Study and Plan of Action	Spring	2019
Type B Roads	Annual	
Nance Road, East Fork and Jobson	Spring	2019
Jobson Road – US 80 to Tripp Road	Spring	2019
Glazer Tract Concept Plan	Summer	2019
Collins Road – Phase I	Summer	2019

At the end of September 2018, the Town of Sunnyvale was working on the following projects:

NE and SE corner of Collins and US-80 Retail Development	Summer	2019
Collins Road – Phase 1 ROW Acquisition	Spring	2019

LONGER-TERM FINANCIAL PLANNING

Plans for additional improvements include completing the final phase of the Collins Road corridor expansion, providing an efficient and more serviceable four-lane divided thoroughfare from the Town's southern limit to Town East Boulevard.

Plans for additional road repair and replacement will be funded by the voter approved 1/4 of one percent of the sales tax revenues from the 4A Economic Development Corporation.

Unassigned fund balance in the general fund is 67% of total general fund expenditures and falls within the policy guidelines set by the Council for budgetary and planning purposes.

Standard & Poor's Ratings rates Sunnyvale, Texas' general obligation (GO) bonds as 'AA.' The outlook is stable.

FINANCIAL INFORMATION

Accounting Procedures and Budgetary Controls

The Town's accounting records for general government are maintained on a modified accrual basis, with revenues being recorded when available and measurable, and expenditures being recorded when the services or goods are received and the liabilities are incurred. Accounting records for the Town's water and sewer utility, and other proprietary activities are maintained on the accrual basis.

The budgetary process begins each year with the preparation of both current and proposed year revenue estimates by the Town's financial management staff, and expenditure estimates by each Town department. Budgets are reviewed by the Finance Director. The Town Manager makes final decisions and submits a recommended budget to the Town Council. All funds are appropriated annually.

As part of each year's budget development process, departments are required to update expenditure estimates for the current fiscal year. These estimates are reviewed by the Finance Director, the Town Manager, and the Town Council concurrent with review of the proposed budget. This re-estimated budget may require a supplemental appropriation and, if so, such supplemental appropriation is approved by ordinance adopted by the Town Council prior to the end of the current fiscal year.

General Governmental Functions

Tax Rates All eligible property within the Town of Sunnyvale is subject to assessment, levy, and collection by the Town. A continuing, direct ad valorem tax sufficient to provide for the payment of principal and interest on outstanding bonds within the limits prescribed by law, and the payment of operation and maintenance costs is set and approved by the Town Council. The tax rates adopted by the Town Council are shown below:

Year	Tax Rate
FY 2012-2013	$.40796
FY 2013-2014	$.40796
FY 2014-2015	$.40796
FY 2015-2016	$.40796
FY 2016-2017	$.40796
FY 2017-2018	$.41308
FY2018-2019	$.41290

Other Information

Certificate of Achievement for Excellence in Financial Reporting

The Government Finance Officers Association of the United State and Canada ("GFOA") awarded the Certificate of Achievement for Excellence in Financial Reporting to the Town of Sunnyvale for its comprehensive annual financial report for the fiscal year ended September 30, 2017. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine eligibility of another certificate.

Acknowledgements

Many people are responsible for the preparation of this report and for the maintenance of records upon which it is based. Appreciation is expressed to the Town employees throughout the organization, who were instrumental in the successful completion of this report.

Our appreciation is also extended to the Mayor and members of the Town Council for providing the resources necessary to maintain the integrity of the Town's financial affairs.

Respectfully submitted,

Elizabeth Hopkins

Elizabeth Hopkins
FINANCE DIRECTOR

Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Town of Sunnyvale

Texas

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

September 30, 2017

Christopher P. Morrill

Executive Director/CEO

COMPREHENSIVE ANNUAL FINANCIAL REPORT

Fiscal Year Ended September 30, 2018

Town of Sunnyvale, Texas

TOWN OF SUNNYVALE, TEXAS
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2018

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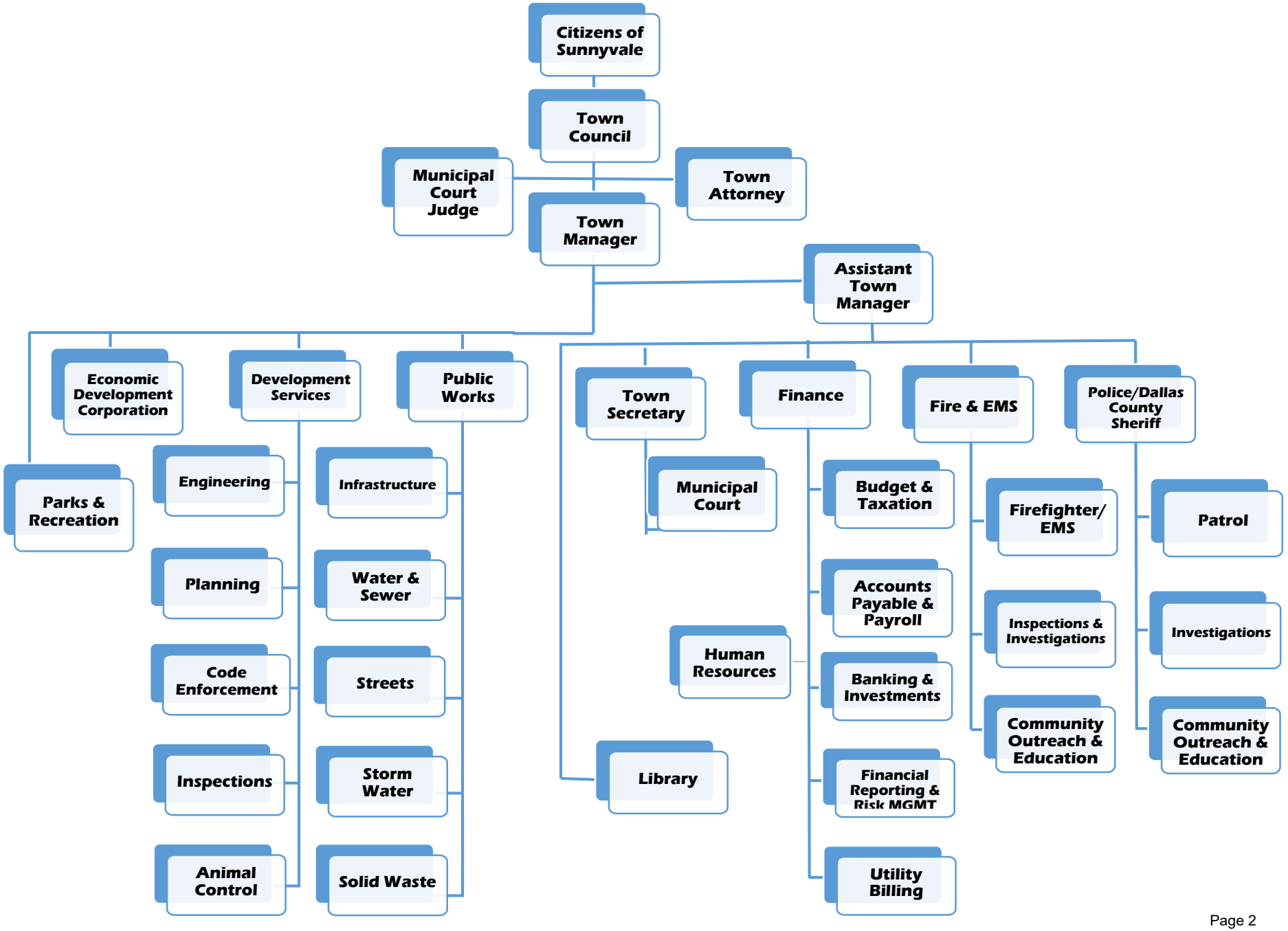
SUNNYVALE
TEXAS

INTRODUCTORY SECTION

Town Organizational Chart



TOWN OF SUNNYVALE, TX

For the year ended September 30, 2018

Town Council:

Saji George	Mayor
Ryan Finch	Place 1
Kevin Clark	Place 2
Mark Egan	Place 3
Jim Wade	Place 4
Larry Allen	Place 5
Chris McNeill	Place 6

Administrative Officers

Charles Daniels	Interim Town Manager
Leslie Black	Assistant Town Manager
Rachel Ramsey	Town Secretary
Elizabeth Hopkins	Finance Director

SUNNYVALE
TEXAS

FINANCIAL SECTION

Mike Ward Accounting & Financial Consulting, PLLC
Mike Ward, CPA
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Point, Texas 75472
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mward@mikewardcpa.com

INDEPENDENT AUDITOR'S REPORT

Town Council
Town of Sunnyvale
127 North Collins Road
Sunnyvale, Texas 75182

Report on the Financial Statements
I have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the Town of Sunnyvale, Texas ("Town") as of and for the year ended September 30, 2018, and the related notes to the financial statements which collectively comprise the Town's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements
Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility
My responsibility is to express opinions on these financial statements based on my audit. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on an auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, I express no opinion. An audit also includes assessing the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinions.

Opinions
In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented

component units, each major fund, and the aggregate remaining fund information of the Town of Sunnyvale, Texas as of September 30, 2018, and the respective changes in financial position, where applicable, and cash flows, thereof, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information
Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, and the TMRS Funding Progress and Schedule of Contributions and Schedule of Changes in Net Pension Liability be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. I have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to my inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

Other Information
My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Sunnyvale, Texas' basic financial statements. The introductory section, combining and individual non-major fund financial statements, and budgetary comparison schedules, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The budgetary comparison schedules and the combining and individual non-major fund financial statements are the responsibility of management, and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, I do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards
In accordance with Government Auditing Standards, I have also issued my report dated March 25, 2019 on my consideration of the Town of Sunnyvale, Texas' internal control over financial reporting and my tests of its compliance with certain provisions of laws, regulations, contracts, and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of my audit.

Respectfully Submitted,

Mike Ward Accounting & Financial Consulting, PLLC

Point, Texas
March 25, 2019

TOWN OF SUNNYVALE, TEXAS

MANAGEMENT DISCUSSION AND ANALYSIS

SEPTEMBER 30, 2018

As management of the Town of Sunnyvale ("Town"), we offer the readers of the Town of Sunnyvale's financial statements this narrative overview and analysis of the financial activities of the Town for the fiscal year ended September 30, 2018. We encourage readers to read the information presented here in conjunction with additional information that we have furnished in the Town's financial statements, which follow this narrative.

Financial Highlights

- The assets and deferred outflows of resources of the Town exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by $50,628,868 (net position). Of this amount, $38,059,225, or 75%, is net investment in capital assets. Net position restricted for specific purposes is $4,295,896, or 8%. The remaining unrestricted position of $8,273,747, or 16% may be used to meet the Town's ongoing obligations to its citizens and creditors in accordance with the Town's fiscal policies.

- The government's total net position increased by $11,149,297, or 28%, due to an increase in both governmental activities and business-type activities net position.

- As of the close of the current fiscal year, the Town's governmental funds reported combined ending fund balances of $12,220,725, a decrease of ($78,879), or 1%, in comparison with the prior year. Approximately 43% of this total amount, or $5,221,341, is available for spending at the Town's discretion (unassigned fund balance).

- At the end of the current fiscal year, unassigned fund balance for the General fund of $5,221,341 was 66% of total general fund expenditures for the fiscal year.

- The Town's total long-term obligations decreased by ($1,156,211), or (9%), during the current fiscal year.

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to the Town of Sunnyvale's basic financial statements. The Town's basic financial statements consist of three components; 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. The basic financial statements present two different views of the Town through the use of government-wide financial statements and fund financial statements. In addition to the basic financial statements, this report contains other supplemental information that will enhance the reader's understanding of the financial condition of the Town of Sunnyvale.

Basic Financial Statements
The first two statements (pages 22-25) in the basic financial statements are the **Government-Wide Financial Statements**. They provide both short and long-term information about the Town's financial status.

The next statements (pages 26-33) are **Fund Financial Statements**. These statements focus on the activities of the individual parts of the Town's government. These statements provide more detail than the government-wide statements. There are two parts to the Fund Financial Statements: 1) the governmental funds statements; and 2) the proprietary fund statements.

The next section of the basic financial statements is the **notes** (pages 34-62). The notes to the financial statements explain in detail some of the data contained in those statements. After the notes, **required supplemental information** (pages 64-66) is provided to show details about the Town's pension plan.

Government-wide Financial Statements
The government-wide financial statements are designed to provide the reader with a broad overview of the Town's finances, similar in format to a financial statement of a private-sector business. The government-wide statements provide short and long-term information about the Town's financial status as a whole.

The statement of net position presents information on all of the Town of Sunnyvale's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Town is improving or deteriorating.

The statement of activities presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows.

Thus, revenues and expenses are reported in these statements for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave). Both the statement of net position and the statement of activities are prepared utilizing the accrual basis of accounting.

The government-wide statements are divided into three categories: 1) governmental activities; 2) business-type activities; and 3) component units. The governmental activities include most of the Town's basic services such as public safety, parks and recreation, and general administration. Property taxes, sales tax and state and federal grant funds finance most of these activities. The business-type activities are those that the Town charges customers to provide. These include the utility services offered by the Town of Sunnyvale. The final category is the component unit. The Town has two component units: 4A Development Corporation and 4B Development Corporation. The government-wide financial statements are on pages 22-25 of this report.

Fund Financial Statements
The fund financial statements provide a more detailed look at the Town's most significant activities. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Town of Sunnyvale, like all other governmental entities in Texas, uses fund accounting to ensure and reflect compliance (or non-compliance) with finance-related legal requirements, such as the General Statutes or the Town's budget ordinance. All of the funds of the Town of Sunnyvale can be divided into two categories: governmental funds and proprietary funds.

Governmental Funds – Governmental funds are used to account for those functions reported as governmental activities in the government-wide financial statements. Most of the Town's basic services are accounted for in governmental funds. These funds focus on how assets can readily be converted into cash flow in and out, and what funds are left at year-end that will be available for spending in the next year. Governmental funds are reported using an accounting method called *modified accrual accounting* which provides a short-term spending focus. As a result, the governmental fund financial statements give the reader a detailed short-term view that helps him or her determine if there are more or less financial resources available to finance the Towns' programs.

The relationship between government activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds is described in a reconciliation that is a part of the fund financial statements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The Town of Sunnyvale adopts an annual budget for its General Fund, as required by the General Statutes. The budget is a legally adopted document that incorporates input from the citizens of the Town, the management of the Town, and the decisions of the council about which services to provide and how to pay for them. It also authorizes the Town to obtain funds from identified sources to finance these current period activities. The budgetary statement provided for the General Fund demonstrates how well the Town complied with the budget ordinance and whether or not the Town succeeded in providing the services as planned when the budget was adopted. The budgetary comparison statement uses the budgetary basis of accounting and is presented using the same format, language, and classifications as the legal budget document. The statement shows four columns: 1) the original budget; 2) the final budget as amended by the council; 3) the actual resources, charges to appropriations, and ending balances in the General Fund; and 4) the difference or variance between the final budget and the actual resources and charges. Budgetary information required by the General Statutes can also be found in this part of the statements. The Governmental Fund financial statements can be found on pages 26-30 of this report.

Proprietary Funds – The Town of Sunnyvale has one type of proprietary fund which is the Utility Fund. The Town charges customers for the services it provides, whether to outside customers or to other units within the Town. These services are generally reported in proprietary funds. Proprietary Funds are reported in the same way that all activities are reported in the statement of net position and the statement of activities. Proprietary Funds provide the same type of information as the government-wide financial statements, only in more detail. The basic proprietary fund financial statements can be found on pages 31-33 of this report.

Notes to the Financial Statements – The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements are on pages 34-62 of this report.

Required Supplementary Information – In addition to the basic financial statements and accompanying notes, this report includes certain required supplementary information concerning the Town of Sunnyvale's progress in funding its obligation to provide pension benefits to its employees. This information is found on pages 64-66.

Supplementary Information – The combining statements referred to earlier in connection with the non-major governmental funds are presented following the required supplementary information on pensions. Combining statements and individual fund statements can be found on pages 68-82. Fund financial statements for the component units can be found on pages 77-82.

Statistical Section – The statistical section consists of unaudited information that presents details as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the Town's overall financial health. These tables can be found on pages 85-95.

GASB Pronouncements – The following statements for the Governmental Accounting Standards Board ("GASB") were effective for the Town in the fiscal year ending September 30, 2018.

GASB Statement No. 75, "Accounting and Financial Reporting for Postemployment Benefits other than Pension's", that replaces Statement No. 45. It requires government to report a liability of the face of the financial statements for the OPEB that they provide. The implementation of this statement does not result in any changes to the Town's financial statements.

Net Position

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2018	2017	2018	2017	2018	2017
Current and other assets	$ 13,237,031	$13,227,332	$ 5,456,925	$ 5,010,602	$ 18,693,956	$ 18,237,934
Capital assets	16,753,042	13,910,650	28,537,509	21,776,695	45,290,551	35,687,345
Total assets	29,990,073	27,137,982	33,994,434	26,787,297	63,984,507	53,925,279
Total deferred outflows of resources	273,586	280,450	65,679	64,567	339,265	345,017
Long-term liabilities outstanding	8,003,973	8,840,748	4,269,195	4,588,631	12,273,168	13,429,379
Other Liabilities	642,278	441,909	561,973	748,609	1,204,251	1,190,518
Total liabilities	8,646,251	9,282,657	4,831,168	5,337,240	13,477,419	14,619,897
Total deferred inflows of resources	165,172	82,505	52,313	18,995	217,485	101,500
Net position:						
Net investment in capital assets	13,645,563	11,019,317	24,413,662	17,832,746	38,059,225	28,852,063
Restricted	2,142,961	2,109,210	2,152,935	2,023,749	4,295,896	4,132,959
Unrestricted	5,663,712	4,924,743	2,610,035	1,639,134	8,273,747	6,563,877
Total net position	$ 21,452,236	18,053,270	$ 29,176,632	$ 21,495,629	$ 50,628,868	$ 39,548,899

As noted earlier, net position may serve over time as one useful indicator of a government's financial condition. The net position of the Town exceeded liabilities by $50,628,868 as of September 30, 2018. The Town's net position increased by $11,149,297, for fiscal year ended September 30, 2018.

Net investment in capital assets:
The largest portion of the Town's net position, $38,059,225, or 75%, reflects the Town's investment in capital assets (e.g. land, buildings, machinery and equipment) less any debt still outstanding that was issued to acquire those items. The Town uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Town's investment in its capital assets is reported net of the outstanding related debt, the resources needed to repay that debt must be provided by other sources, since the capital assets cannot be used to liquidate these liabilities

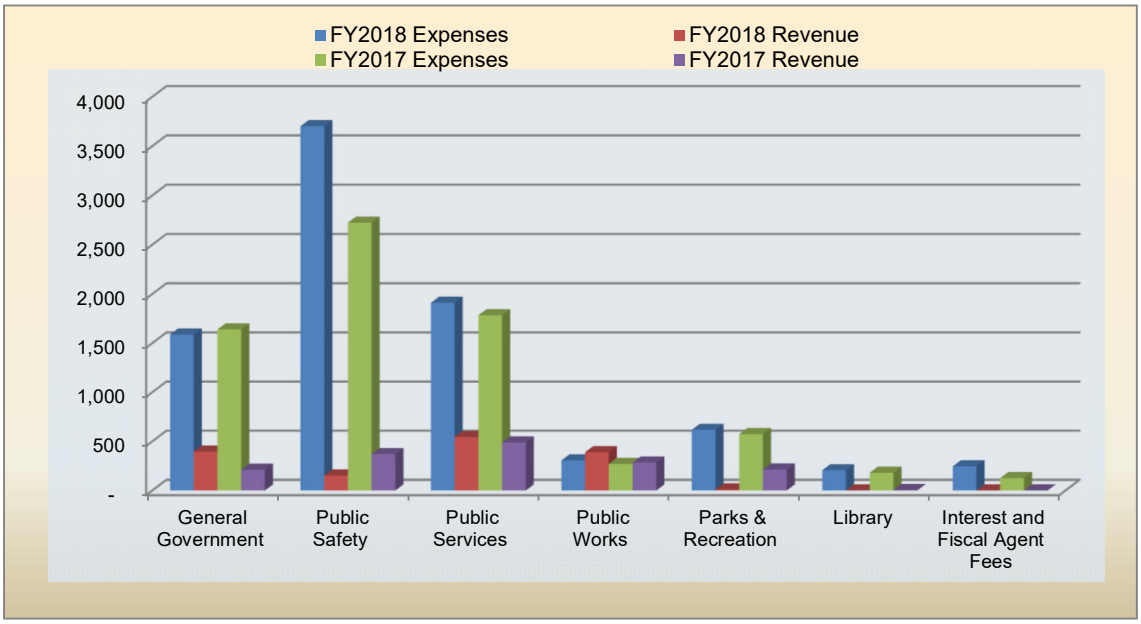
Restricted net position:
Restricted net position of $4,295,896, or 8%, is subject to external restrictions on how they may be used, or by enabling legislation. The restricted net position is comprised of (a) $68,543, or 2%, for development, (b) $193,523 or 5% for court use, (c) $1,100,375, or 26%, for debt service, (d) road improvement maintenance and operation of $1,198,595 or 28% and (e) $1,734,860 or 40% for water infrastructure installation.

Unrestricted net position:
Unrestricted net position in the amount of $8,273,747, or 16%, is available to fund the Town programs to citizens and obligations to creditors.

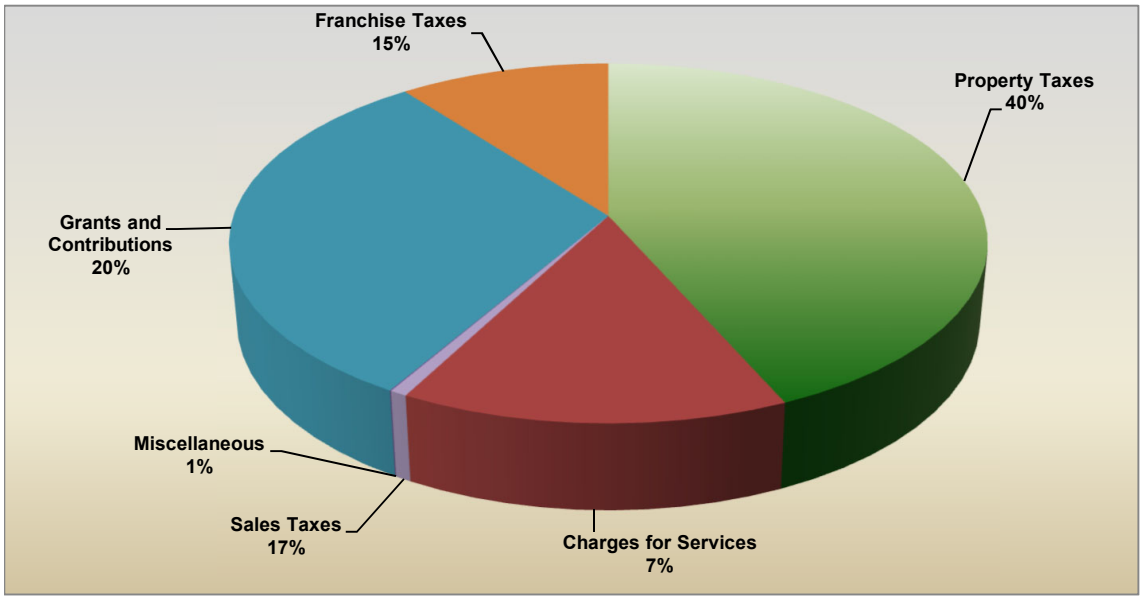
Governmental-type activities - Governmental-type activities increased the Town's net position by $3,454,573. A key element of this increase is as follows:

Capital contributions from developers totaling $3,132,941 were received during the 2018 fiscal year.

Expenses and Program Revenues - Governmental Activities
(amounts expressed in thousands)



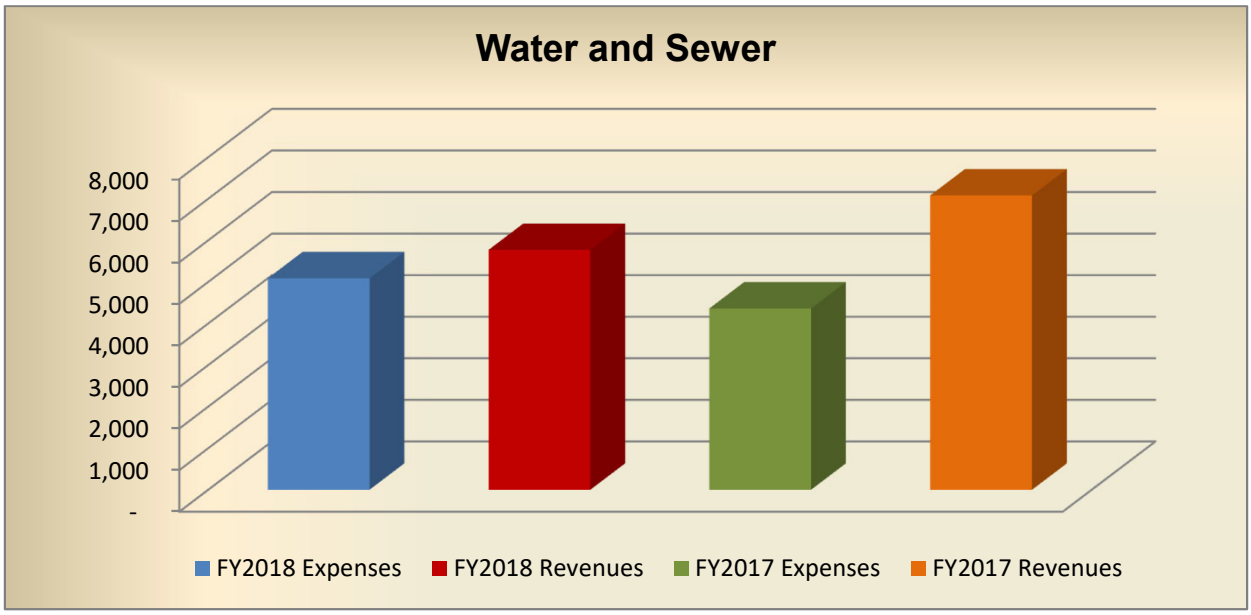
Revenues by Source - Governmental Activities



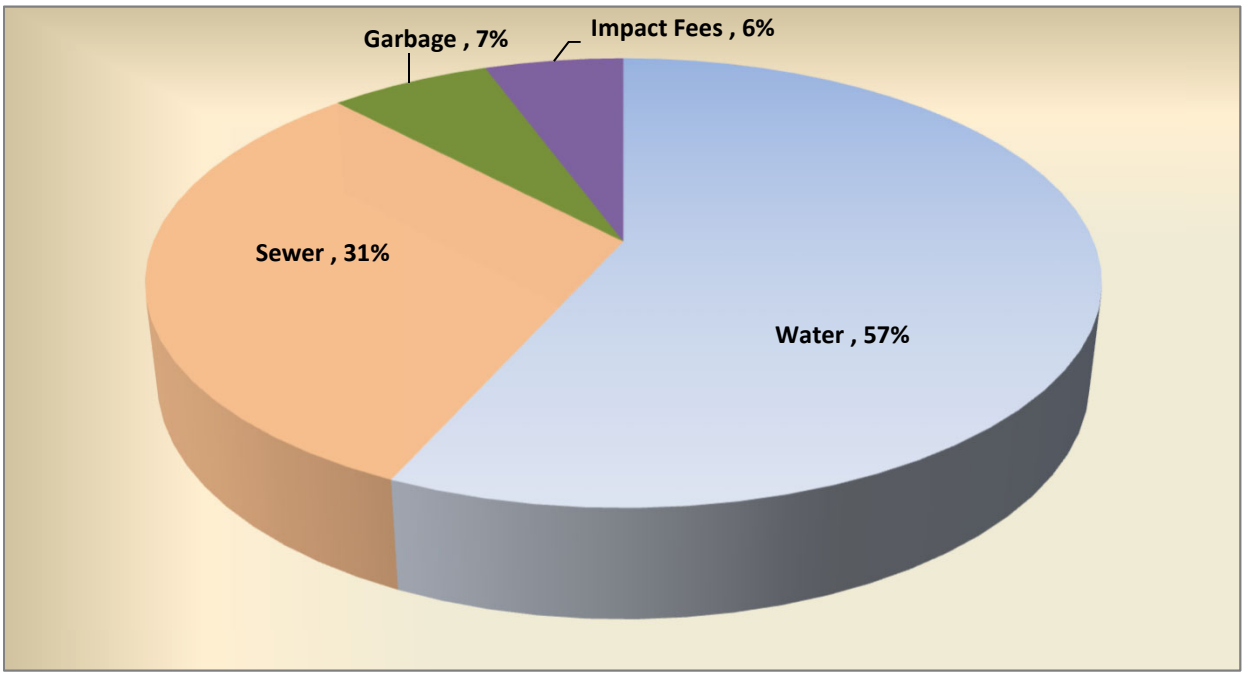
Business-type Activities - Business-type activities increased the Town's net position by $7,694,724, excluding developer contributions.

Expenditures and Program Revenues - Business-type Activities

(amounts expressed in thousands)



Revenues by Source - Business-type Activities



Changes in Net Position

	Governmental Activities		Business Activities		Totals	
	2018	2017	2018	2017	2018	2017
Revenues:						
Program Revenues:						
Charges for services	$ 1,494,248	$ 1,351,942	$ 5,729,121	$ 4,707,371	$ 7,223,369	$ 6,059,313
Operating grants and contributions	293,108	12,175	-	-	293,108	12,175
Capital grants and contributions	3,164,377	208,272	6,375,710	2,355,760	9,540,087	2,564,032
General Revenues:						
Property taxes	4,499,897	4,272,558	-	-	4,499,897	4,272,558
Franchise taxes	1,081,674	1,105,973	-	-	1,081,674	1,105,973
Sales tax	2,043,801	1,604,731	-	-	2,043,801	1,604,731
Investment income	150,411	26,551	27,765	17,280	178,176	43,831
Miscellaneous	5,130	107,570	-	-	5,130	107,570
Total Revenues	12,732,646	8,689,772	12,132,596	7,080,411	24,865,242	15,770,183
Expenses:						
Program Expenses						
General government	1,656,510	1,639,530	-	-	1,656,510	1,639,530
Public safety	3,701,545	2,723,379	-	-	3,701,545	2,723,379
Public services and operations	1,910,903	1,783,654	-	-	1,910,903	1,783,654
Public works	306,163	271,115	-	-	306,163	271,115
Parks and recreational	617,800	573,556	-	-	617,800	573,556
Library	203,464	180,518	-	-	203,464	180,518
Interest on long-term debt	245,412	125,638	-	-	245,412	125,638
Water and sewer	-	-	5,074,148	4,361,206	5,074,148	4,361,206
Total Expenses	8,641,797	7,297,390	5,074,148	4,361,206	13,715,945	11,658,596
Increase (decrease) in net position	4,090,849	1,392,382	7,058,448	2,719,205	11,149,297	4,111,587
Other revenues and financing sources (uses)						
Transfers	(636,276)	(604,095)	636,276	604,095	-	-
Total other financing sources (uses)	(636,276)	(604,095)	636,276	604,095	-	-
Increase (decrease) in net position	3,454,573	788,287	7,694,724	3,323,300	11,149,297	4,111,587
Net position - October 1	18,053,270	17,264,983	21,495,629	18,172,329	39,548,899	35,437,312
Prior Period Adjustments	(55,607)	-	(13,721)	-	(69,328)	-
Net position - September 30	$21,452,236	$18,053,270	$29,176,632	$21,495,629	$50,628,868	$39,548,899

The Governmental Activities have increased the net position in the current fiscal period by $3,454,573 which is a 19% increase over the prior year. This is due, in large part, to developer contributions increasing $2,956,105, 69% during the fiscal year.

The Business-type Activities have increased the net position in the current fiscal year by $7,694,724. This is a 36% increase from the prior year that is due, in large part, to an increase in capital contributions of $4,019,950, or 171%.

Financial Analysis of the Town's Funds

As noted earlier, the Town of Sunnyvale uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds - The focus of the Town's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Town's financing requirements. Specifically, the unassigned fund balance may serve as a measure of net resources available for spending at the end of the fiscal year.

As of the close of the current fiscal year, the governmental funds reported combined ending fund balances of $12,220,725, a decrease of ($78,879), or -1%, in comparison with the prior year. Of this amount, $5,221,341, or 43%, constitutes unassigned fund balance, which is available for spending at the Town's discretion. The Town has assigned fund balances of $4,913,116, or 40% for the following: 1) $4,380,897, or 88% for capital and infrastructure improvements, 2) $507,144, or 10% for vehicle replacements, 3) $25,075, or .5% for community services. A portion, $2,041,268, or 17%, of the fund balance is restricted to indicate that it is available for spending for the following: 1) $68,543, or 3% for community development, 2) $193,524, or 9% for state imposed restricitions for use of court fees, 3) $248,126, or 12% for debt service requirements, 4) $1,531,075, or 75% for road maintenance and improvements. The remaining fund balance of $45,000, or .4% is considered nonspendable and represents note receivable due to the Town.

The general fund is the chief operating fund of the Town of Sunnyvale At the end of the current fiscal year, unassigned fund balance of the General Fund was $5,221,341. As a measure of the General Fund's liquidity, it may be useful to compare unassigned fund balance to total expenditures. Unassigned fund represents 66% of total general fund expenditures.

The debt service fund is a major governmental fund of the Town of Sunnyvale. At the end of the current fiscal year, fund balance increased $73,116 or 42%.

General Fund Budgetary Highlights: During the fiscal year, the Town made revisions to the budget. Generally, budget amendments fall into one of three categories: (1) amendments made to adjust the estimates that are used to prepare the original budget ordinance once exact information is available; (2) amendments made to recognize new funding amounts from external sources, such as Federal and State grants; and (3) increases in appropriations that become necessary to maintain services.

Revenues were more than the budgeted amounts, mainly in the areas of licenses and permits, and intergovernmental revenues. Expenditures were less than budgeted at the fund level.

Proprietary Funds - The Town's proprietary funds provide the same type of information found in the government-wide statements, but in more detail. Unrestricted net position of the proprietary funds at the end of the fiscal year amounted to $2,610,035.

Capital Asset and Debt Administration

Capital assets - The Town of Sunnyvale's investment in capital assets for its governmental and business-type activities as of September 30, 2018, totals $45,290,551 (net of accumulated depreciation). These assets include land, buildings, improvements, infrastructure, machinery and equipment, vehicles, and construction in progress. This amount represents a net increase of $9,603,206, or 27%, (net of accumulated depreciation) over the prior fiscal year.

Major capital asset transactions during the year include the following additions:

- Completion of a new water tower
- Dedication of various street and water/sewer infrastructure by developers

Capital Assets
September 30, 2018
(net of depreciation)

	Governmental		Business-type		Total	
	2018	2017	2018	2017	2018	2017
Land	$ 1,419,679	$ 1,419,679	$ 127,225	$ 127,225	$ 1,546,904	$ 1,546,904
Infrastructure	10,250,868	7,260,898	22,341,886	16,463,522	32,592,754	23,724,420
Buildings & Improvements	3,775,920	3,910,746	5,619,892	1,028,518	9,395,812	4,939,264
Machinery & Equipment	1,275,817	1,319,327	448,506	411,362	1,724,323	1,730,689
Construction in Progress	30,758	-	-	3,746,068	30,758	3,746,068
Total	$ 16,753,042	$ 13,910,650	$ 28,537,509	$ 21,776,695	$ 45,290,551	$ 35,687,345

More detailed information about the Town's capital assets is presented in Note F to the financial statements.

Long-term obligations - As of September 30, 2018, the Town of Sunnyvale had total long-term debt outstanding of $12,125,245 which is a decrease of ($1,156,211), or -9%, from the previous year.

Outstanding Debt
As of September 30, 2018

	Governmental		Business-type		Total	
	2018	2017	2018	2017	2018	2017
Certificates of Obligation (backed by tax revenues and net Water/Sewer revenues)	$ 4,045,000	$ 4,359,267	$ 2,259,715	$ 2,392,001	$ 6,304,715	$ 6,751,268
Tax Note	375,000	495,000	-	-	375,000	495,000
Refunding Bonds (backed by tax revenues and net Water/Sewer revenues)	2,640,786	2,829,234	1,779,817	1,935,755	4,420,603	4,764,989
Notes Payable	-	-	84,316	92,752	84,316	92,752
Capital Lease	310,484	402,288	-	-	310,484	402,288
Pension Related Debt	507,838	630,094	122,289	145,065	630,127	775,159
Total	$ 7,879,108	$ 8,715,883	$ 4,246,137	$ 4,565,573	$ 12,125,245	$ 13,281,456

More detailed information about the Town's long-term obligations is presented in Note I to these financial statements.

Requests for Information

This financial report is designed to provide an overview of the Town's finances for those with an interest in the government's finances. If you have any questions about this report or need additional information, contact the Town of Sunnyvale, Attention: Director of Finance at 127 N. Collins Road, Sunnyvale, Texas, call 972-203-4145, or email finance@townofsunnyvale.org.

BASIC FINANCIAL STATEMENTS

SUNNYVALE
TEXAS

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TOWN OF SUNNYVALE, TEXAS
STATEMENT OF NET POSITION
SEPTEMBER 30, 2018

	Primary Government			Component Units	
	Governmental Activities	Business-type Activities	Total	4A Development Corporation	4B Development Corporation
ASSETS					
Cash and cash equivalents	$ 5,730,644	$ 2,807,481	$ 8,538,125	$ 2,260,885	$ 2,708,579
Receivables (net of allowance for uncollectibles)	888,603	833,809	1,722,412	69,959	158,158
Employee promissory note receivable	45,000	-	45,000	-	-
Note receivable	382,739	-	382,739	-	-
Inventory	-	80,775	80,775	-	-
Restricted assets:					
Cash and cash equivalents	6,190,045	1,734,860	7,924,905	-	-
Capital assets not depreciated:					
Land	1,419,679	127,225	1,546,904	-	-
Construction in progress	30,758	-	30,758	-	-
Capital assets net of accumulated depreciation:					
Infrastructure	10,250,868	22,341,886	32,592,754	-	-
Buildings	3,775,920	5,619,892	9,395,812	-	-
Machinery and equipment	1,275,817	448,506	1,724,323	-	-
Total Assets	29,990,073	33,994,434	63,984,507	2,330,844	2,866,737
DEFERRED OUTFLOWS OF RESOURCES					
Deferred outflows from pensions	273,586	65,679	339,265	6,182	6,182
Total deferred outflows of resources	273,586	65,679	339,265	6,182	6,182
LIABILITIES					
Accounts payable	385,108	251,294	636,402	387	4,140
Other liabilities	238,654	60,920	299,574	-	-
Accrued interest payable	18,516	18,192	36,708	-	-
Accrued expenses	-	5,957	5,957	-	-
Customer deposits	-	225,610	225,610	-	-
Noncurrent Liabilities:					
Due within one year:					
Compensated absences	62,433	11,529	73,962	-	842
Capital lease	93,468	-	93,468	-	-
Notes payable	125,000	12,005	137,005	34,998	-
Certificates of Obligations	120,000	135,000	255,000	-	-
Bonds payable	175,000	145,000	320,000	-	-
Due in more than one year:					
Compensated absences	62,432	11,529	73,961	-	3,129
Net pension liability	440,040	105,554	545,594	9,900	9,900
Net OPEB Liability	67,798	16,735	84,533	1,761	1,761
Capital lease	217,016	-	217,016	-	-
Notes payable	250,000	72,311	322,311	347,741	-
Certificates of Obligations	3,925,000	2,124,715	6,049,715	-	-
Bonds payable	2,465,786	1,634,817	4,100,603	-	-
Total Liabilities	8,646,251	4,831,168	13,477,419	394,787	19,772
DEFERRED INFLOWS OF RESOURCES					
Deferred inflows from pensions	165,172	52,313	217,485	4,907	4,907
Total deferred inflows of resources	165,172	52,313	217,485	4,907	4,907
NET POSITION					
Net investment in capital assets	13,645,563	24,413,662	38,059,225	-	-
Restricted for:					
Development	68,543	-	68,543	-	-
Municipal court	193,523	-	193,523	-	-
Debt service	248,126	418,075	666,201	-	-
Street maintenance	1,531,075	-	1,531,075	-	-
Water infrastructure installation	-	1,734,860	1,734,860	-	-
Unrestricted	5,765,406	2,610,035	8,375,441	1,937,332	2,848,240
Total Net Position	$ 21,452,236	$ 29,176,632	$ 50,628,868	$ 1,937,332	$ 2,848,240

The accompanying notes to the financial statements are an integral part of this financial statement.

TOWN OF SUNNYVALE, TEXAS
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2018

Function/Program Activities	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions
Primary Government				
Governmental Activities:				
General Government	$ 1,656,510	$ 396,095	$ 278,910	$ -
Public Safety	3,701,545	152,621	13,578	12,000
Public Services and Operations	1,910,903	544,563	-	-
Public Works	306,163	389,576	-	3,132,941
Parks and Recreation	617,800	10,685	-	19,436
Library	203,464	708	620	-
Interest on Long-Term Debt	245,412	-	-	-
Total governmental activities	8,641,797	1,494,248	293,108	3,164,377
Business-type Activities:				
Utility Fund	5,074,148	5,729,121	-	6,375,710
Total business-type activities	5,074,148	5,729,121	-	6,375,710
Total primary government	13,715,945	7,223,369	293,108	9,540,087
Component units:				
4A Development Corporation	82,597	-	-	-
4B Development Corporation	334,652	-	-	-
Total component units	$ 417,249	$ -	$ -	$ -

General revenues:
Property taxes
Sales taxes
Franchise taxes
Miscellaneous
Investment income
Transfers
Total general revenues
Change in net position
Net position - beginning
Prior Period Adjustment
Net position - ending

The accompanying notes to the financial statements are an integral part of this financial statement.

Net (Expense) Revenue and Changes in Net Position				
Primary Government			Component Units	
Governmental Activities	Business Activities	Total	4A Development Corporation	4B Development Corporation
$ (981,505)	$ -	$ (981,505)	$ -	$ -
(3,523,346)	-	(3,523,346)	-	-
(1,366,340)	-	(1,366,340)	-	-
3,216,354	-	3,216,354	-	-
(587,679)	-	(587,679)	-	-
(202,136)	-	(202,136)	-	-
(245,412)	-	(245,412)	-	-
(3,690,064)	-	(3,690,064)	-	-
-	7,030,683	7,030,683	-	-
-	7,030,683	7,030,683	-	-
(3,690,064)	7,030,683	3,340,619	-	-
-	-	-	(82,597)	-
-	-	-	-	(334,652)
$ -	$ -	$ -	$ (82,597)	$ (334,652)
$ 4,499,897	$ -	$ 4,499,897	$ -	$ -
2,043,801	-	2,043,801	408,760	817,520
1,081,674	-	1,081,674	-	-
5,130	-	5,130	208,283	149,431
150,411	27,765	178,176	9,784	8,699
(636,276)	636,276	-	687,500	(687,500)
7,144,637	664,041	7,808,678	1,314,327	288,150
3,454,573	7,694,724	11,149,297	1,231,730	(46,502)
18,053,270	21,495,629	39,548,899	707,046	2,896,186
(55,607)	(13,721)	(69,328)	(1,444)	(1,444)
$ 21,452,236	$ 29,176,632	$ 50,628,868	$ 1,937,332	$ 2,848,240

The accompanying notes to the financial statements are an integral part of this financial statement.

TOWN OF SUNNYVALE, TEXAS
BALANCE SHEET - GOVERNMENTAL FUNDS
SEPTEMBER 30, 2018

	General Fund	Debt Service Fund	Other Governmental Funds	Total
ASSETS				
Cash and cash equivalents	$ 5,730,644	$ -	$ -	$ 5,730,644
Receivables (net of allowances for uncollectible)	690,281	4,799	224,281	919,361
Employee promissory note receivable	45,000	-	-	45,000
Note receivable	382,739	-	-	382,739
Restricted - cash and cash equivalents	-	265,289	5,924,758	6,190,047
Total assets	6,848,664	270,088	6,149,039	13,267,791
LIABILITIES				
Accounts payable	385,108	-	-	385,108
Other liabilities	238,650	-	-	238,650
Accrued interest payable	-	18,516	-	18,516
Total liabilities	623,758	18,516	-	642,274
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue - property taxes	18,607	3,446	-	22,053
Unavailable revenue - note receivable	382,739	-	-	382,739
Total deferred inflows of resources	401,346	3,446	-	404,792
Fund Balances				
Nonspendable:				
Promissory note	45,000	-	-	45,000
Restricted for:				
Community development	-	-	68,543	68,543
Municipal court	-	-	193,524	193,524
Street maintenance	-	-	1,531,075	1,531,075
Debt Service	-	248,126	-	248,126
Assigned for:				
Infrastructure improvements	25,000	-	-	25,000
Vehicle replacement	507,144	-	-	507,144
Community services	25,075	-	-	25,075
Capital improvements	-	-	4,355,897	4,355,897
Unassigned	5,221,341	-	-	5,221,341
Total fund balances	5,823,560	248,126	6,149,039	12,220,725
Total liabilities, deferred inflows of resources, and fund balances	$ 6,848,664	$ 270,088	$ 6,149,039	$ 13,267,791

The accompanying notes to the financial statements are an integral part of this financial statement.

TOWN OF SUNNYVALE, TEXAS
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
SEPTEMBER 30, 2018

Total fund balances - governmental funds balance sheet	$ 12,220,725
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	23,528,477
Accumulated depreciation has not been included in the governmental fund financial statements.	(6,775,435)
Premiums and discounts on issuance of debt are not recognized on the balance sheet for governmental funds.	(460,786)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenue in the fund financial statements.	374,028
Deferred inflow/outflow of resources for pension are not reported in the fund financial statements	108,414
Long-term liabilities, including bonds payable, are not due and payable in the current period and; therefore, are not reported in the funds.	(6,910,484)
Net pension liability is not due and payable in the current period and, therefore, is not reported in the fund financial statements.	(440,040)
Net OPEB liability is not due and payable in the current period and, therefore, is not reported in the fund financial statements.	(67,798)
Accrued liabilities for compensated absences are not reflected in the fund financial statements.	(124,865)
Net position of governmental activities - statement of net position	$ 21,452,236

The accompanying notes to the financial statements are an integral part of this financial statement.

TOWN OF SUNNYVALE, TEXAS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2018

	General Fund	Debt Service Fund	Other Governmental Funds	Total
REVENUES				
Property taxes	$ 3,825,226	$ 702,784	$ -	$ 4,528,010
Franchise taxes	1,081,673	-	-	1,081,673
Sales tax collected	2,043,801	-	-	2,043,801
Fines and forfeitures	517,371	-	30,918	548,289
Licenses and permits	512,303	-	-	512,303
Charge for services	44,080	-	-	44,080
Impact fees	-	-	389,576	389,576
Investment income	24,975	2,291	90,431	117,697
Donation - Library	620	-	-	620
Intergovernmental - state & local	31,820	52,910	-	84,730
Developer contributions	-			-
Grant Revenue	-	-	13,195	13,195
Miscellaneous	5,130	-	-	5,130
Total Revenues	8,086,999	757,985	524,120	9,369,104
EXPENDITURES				
Current:				
General government	1,482,306	-	-	1,482,306
Public safety	3,574,902	-	-	3,574,902
Public works	808,451	-	99,970	908,421
Public services and operations	1,094,374	-	21,949	1,116,323
Parks and recreation	602,178	-	-	602,178
Library	197,395	-	-	197,395
Debt Service:				
Principal retirement	-	681,804	-	681,804
Interest and fiscal agent fees	-	245,412	-	245,412
Issuance costs of tax note	-	-	-	-
Capital Outlays:				
General government	-	-	-	-
Public works	148,956	-	-	148,956
Public safety	49,518	-	-	49,518
Public services and operations	-	-	-	-
Parks and recreation	12,250	-	-	12,250
Library	-	-	-	-
Total Expenditures	7,970,330	927,216	121,919	9,019,465
Excess (deficiency) of revenues over (under) expenditures	116,669	(169,231)	402,201	349,639
Other Revenues and Financing Sources (uses)				
Bond proceeds	-	-	-	-
Contributions	226,000	-	-	226,000
Sale of assets	-	-	-	-
Transfers	164,028	242,347	(1,060,893)	(654,518)
Total Other Financing Sources (uses)	390,028	242,347	(1,060,893)	(428,518)
Net Change in Fund Balance	506,697	73,116	(658,692)	(78,879)
Fund Balances, October 1	5,316,867	175,013	6,807,731	12,299,611
Fund Balances, September 30	$ 5,823,564	$ 248,129	$ 6,149,039	$ 12,220,732

The accompanying notes to the financial statements are an integral part of this financial statement.

TOWN OF SUNNYVALE, TEXAS
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2018

Net change in fund balances - statement of revenues, expenditures and changes in fund balances - governmental funds	$	(78,879)
Current year capital outlays are expenditures in the fund financial statements are different because:		
Current year capital outlays are expenditures in the fund financial statements but these are shown as an increase in capital assets in the government-wide financial statements. The effect of removing the 2018 capital outlays is to increase net position.		3,482,095
Depreciation is not recognized as an expense in governmental funds since it does not require the use of current financial resources. The effect of recording the current year's depreciation is to decrease net position.		(670,461)
Current year long-term debt principal payments are expenditures in the fund financial statements but are shown as a reduction in long term debt in the government-wide financial statements.		681,804
Bond premiums are recognized as an other financing source in the governmental funds, whereas premiums and discounts are deferred and amortized over the life of the bonds in the statement of activities.		32,715
Changes in net pension liability are not shown in the fund financial statements.		35,417
Revenues in the statement of revenues, expenditures and changes in fund balances that are not recognized as revenues in the statement of activities.		(28,118)
Change in net position - statement of activities	$	3,454,573

The accompanying notes to the financial statements are an integral part of this financial statement.

TOWN OF SUNNYVALE, TEXAS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL - GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2018

	Budgeted Amounts			Variance with Final Budget - Positive
	Original	Final	Actual	(Negative)
REVENUE				
Property taxes	$ 3,762,614	$ 3,762,614	$ 3,825,226	$ 62,612
Franchise Tax	1,092,431	1,092,431	1,081,673	(10,758)
Sales Tax	1,766,250	1,766,250	2,043,801	277,551
Fines and Forfeitures	431,300	431,300	517,371	86,071
Licenses and Permits	311,014	311,014	512,303	201,289
Charge for Services	45,000	45,000	44,080	(920)
Investment Income	14,000	14,000	24,975	10,975
Intergovernmental - state & local	-	-	31,820	31,820
Miscellaneous	3,961	3,961	5,750	1,789
Total Revenues	7,426,570	7,426,570	8,086,999	660,429
EXPENDITURES				
General Government	1,508,808	1,508,808	1,482,306	26,502
Capital Outlay	29,000	29,000	-	29,000
Total General Government	1,537,808	1,537,808	1,482,306	55,502
Public Safety				
Police	2,599,187	2,599,187	2,596,064	3,123
Fire	1,132,212	1,132,212	978,838	153,374
Capital Outlay	22,400	22,400	49,518	(27,118)
Total Public Safety	3,753,799	3,753,799	3,624,420	129,379
Public Services and Operations	1,115,892	1,115,892	1,094,374	21,518
Capital Outlay	-	-	-	-
Total Public Services	1,115,892	1,115,892	1,094,374	21,518
Public Works				
Public Works	1,104,482	1,104,482	808,451	296,031
Capital Outlay	-	-	148,956	(148,956)
Total Public Works	1,104,482	1,104,482	957,407	147,075
Parks and Recreation				
Parks	553,400	553,400	602,178	(48,778)
Capital Outlay	-	-	12,250	(12,250)
Total Parks and Recreation	553,400	553,400	614,428	(61,028)
Library				
Library	200,732	200,732	197,395	3,337
Capital Outlay	2,200	2,200	-	2,200
Total Library	202,932	202,932	197,395	5,537
Total Expenditures	8,268,313	8,268,313	7,970,330	297,983
Excess (deficiency) of revenues over (under) expenditures	(841,743)	(841,743)	116,669	958,412
Other Revenues and Financing Sources (uses)				
Contributions	-	-	226,000	(226,000)
Transfers	18,454	18,454	164,028	145,574
Total Other Financing Sources (uses)	18,454	18,454	390,028	(80,426)
Net change in Fund Balances	(823,289)	(823,289)	506,697	877,986
Fund Balances/Equity, beginning of year	5,316,867	5,316,867	5,316,867	
Fund Balances/Equity, end of year	$ 4,493,578	$ 4,493,578	$ 5,823,564	

TOWN OF SUNNYVALE, TEXAS
STATEMENT OF FUND NET POSITION
PROPRIETARY FUND
SEPTEMBER 30, 2018

	Utility Fund
ASSETS	
Current Assets:	
Cash and cash equivalents	$ 2,807,481
Restricted cash and cash equivalents	1,734,860
Receivables (net of allowance for uncollectibles)	833,809
Total Current Assets	5,376,150
Noncurrent Assets:	
Inventory	80,775
Capital Assets:	
Land	127,225
Infrastructure	27,564,811
Buildings	6,667,418
Machinery and equipment	881,059
Less: accumulated depreciation	(6,703,004)
Total capital assets, net of accumulated depreciation	28,537,509
Total noncurrent assets	28,618,284
Total Assets	33,994,434
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows from pensions	65,679
Total Deferred Outflows of Resources	65,679
LIABILITIES	
Current Liabilities:	
Accounts payable	251,294
Other liabilities	60,920
Accrued expenses	5,957
Payables from restricted assets:	
Customer deposits	225,610
Accrued interest payable	18,192
Compensated absences - current	11,529
Notes payable - current	12,005
Certificates of obligation - current	135,000
Bonds payable - current	145,000
Total Current Liabilities	865,507
Noncurrent Liabilities:	
Compensated absences	11,533
Net pension liability	105,554
Net OPEB liability	16,731
Notes payable	72,311
Certificates of obligation	2,124,715
Bonds payable	1,634,817
Total noncurrent liabilities	3,965,661
Total Liabilities	4,831,168
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows from pensions	52,313
Total Deferred Inflows of Resources	52,313
NET POSITION	
Net investment in capital assets	24,413,662
Restricted for:	
Debt service	418,075
Impact fees	1,734,860
Unrestricted	2,610,035
Total Net Position	$ 29,176,632

The accompanying notes to the financial statements are an integral part of this financial statement.

TOWN OF SUNNYVALE, TEXAS
STATEMENT OF REVENUES, EXPENSES AND CHANGES
IN FUND NET POSITION - PROPRIETARY FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2018

	Utility Fund
OPERATING REVENUES:	
Charges for sales and services:	
Water sales	$ 3,250,037
Sewer sales	1,784,928
Garbage collection fees	372,578
Total operating revenues	5,407,543
OPERATING EXPENSES:	
Personnel services	569,278
Supplies and materials	64,638
Maintenance and repair	160,638
Contractual services	3,485,882
Depreciation	659,231
Total operating expenses	4,939,667
Operating income (loss)	467,876
NON-OPERATING REVENUES (EXPENSES):	
Investment income	27,765
Impact fees	321,578
Amortization	13,224
Interest expense	(145,777)
Bad debt expense	(1,928)
Total non-operating revenues (expenses)	214,862
Income before capital contributions and transfers	682,738
Capital contributions	6,375,710
Transfers	636,276
Changes in net position	7,694,724
Net position, October 1	21,495,629
Net position, September 30	$ 29,176,632

The accompanying notes to the financial statements are an integral part of this financial statement.

TOWN OF SUNNYVALE, TEXAS
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2018

	Utility Fund
CASH FLOWS FROM OPERATING ACTIVITIES	
Cash received from customers	$ 5,478,111
Cash received from other sources	76
Cash paid to employees	(573,574)
Cash paid for goods and services	(3,926,008)
Net cash provided by (used in) operating activities	978,605
CASH FLOWS FROM NONCAPITAL FINANCIAL ACTIVITIES	
Transfers from other funds	636,276
Impact fees	321,578
Net cash provided by (used in) noncapital financing activities	957,854
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Acquisition and construction of capital assets	(1,044,334)
Interest and fiscal charges on debt	(146,647)
Deferred charge on refunding	-
Principal payments on bonds	(283,434)
Net cash provided by (used in) capital & related financing activities	(1,474,415)
CASH FLOWS FROM INVESTING ACTIVITIES	
Investment income	27,765
Net cash provided by (used in) investing activities	27,765
Net increase (decrease) in cash and cash equivalents	489,809
Cash and cash equivalents, October 1	4,052,533
Cash and cash equivalents, September 30	$ 4,542,342
Classified as:	
Current	2,807,481
Restricted	1,734,860
	$ 4,542,341
Noncash disclosures:	
Developer Contributions	$ 6,375,710
Premium Amortization	13,224
Amortization of deferred charge on refunding	-
Reconciliation of operating income to net cash provided by operation activities:	
Operating Income (Loss)	$ 467,876
Adjustment to reconcile operating income to net cash provided by operating activities:	
Depreciation	659,231
Bad Debt Expense	(1,928)
Changes in assets and liabilities:	
(Increase) decrease in assets:	
Receivables	54,959
Due to/from	76
Inventory	(11,476)
Increase (decrease) in liabilities:	
Accounts payable	(214,850)
Customer deposits	29,010
Pension liability	(4,293)
Total adjustments	510,729
Net cash provided by (used in) operating activities	$ 978,605

The accompanying notes to the financial statements are an integral part of this financial statement.

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Town of Sunnyvale ("Town") is a municipal corporation governed by an elected mayor and a six-member Council. The Town provides the following services to the citizens of the Town as authorized by its charter: public safety (police and fire), public works, parks and recreation, water and sewer utilities, and general administrative services.

The accounting and reporting policies of the Town relating to the funds included in the accompanying basic financial statements conform to accounting principles generally accepted in the United States of America ("GAAP") applicable to the state and local governments. Generally accepted accounting principles for local government include those principles prescribed by the Governmental Accounting Standards Board ("GASB"), the American Institute of Certified Public Accountants in the publication entitled *State and Local Governments-Audit and Accounting Guide.* The more significant accounting policies of the Town are described below:

1. Reporting Entity

The Town is a municipal corporation governed by an elected mayor and six-member Council and has the authority to make decisions, appoint administrators and managers, and significantly influence operations. It also has the primary accountability for fiscal matters. Therefore, the Town is a financial reporting entity as defined by GASB Statement No. 14, "The Financial Reporting Entity," as amended by GASB Statement No. 39, "Determining Whether Certain Organizations are Component Units."

Under GASB Statement No. 14, component units are organizations for which the Town is financially accountable and all other organizations for which the nature and significance of their relationship with the Town are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. Financial accountability exists if the Town appoints a voting majority of an organization's governing board and is either able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the Town. The Town may be financially accountable for governmental organizations with a separately elected governing board, a governing board appointed by another government, or a jointly appointed board that is fiscally dependent on the Town. The financial statements of the component units may be discretely presented in a separate column from the primary government, or blended with the financial statements of the primary government. GASB Statement No. 39 added clarification to GASB Statement No. 14 by including entities which meet all three of the following requirements:

1. The economic resources received or held by the separate organization are entirely for the direct benefit of the primary government, its component units, or its constituents;

2. The primary government, or its component units, is entitled to, or has the ability to otherwise access a majority of the economic resources received or held by the separate organization;

3. The economic resources received or held by an individual organization that the specific primary government, or its component units, is entitled to, or has the ability to other access, are significant to the primary government.

The financial statements of the following component units have been "discretely presented" within the accompanying report because (i) their governing boards are not substantially the same as the governing body of the Town, or (ii) the component units provide services entirely or almost entirely to the citizenry.

Discretely presented component units. The Town has two discretely presented component units, 4A Development Corporation and 4B Development Corporation. The component units described below are included in the Town's reporting entity because the Town appoints the governing body and the Corporations are fiscally dependent on the Town. To emphasize that the component units are legally separate from the Town, they are reported in a separate column within the financial statements. Fund information for the component units can be found in the supplementary information in this report. There are no separate financial statements issued for the component units.

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1. Reporting Entity (continued)

The Sunnyvale 4A Development Corporation is governed by a 5-member board appointed by, and serving at the pleasure of the Town Council. The funding for the Corporation occurs with the collection of 1/4 of one percent of sales tax collections from the Town. The Corporation promotes development of commercial real estate, fosters local prosperity, and offers a competitive advantage for new, relocating, and expanding businesses.

The Sunnyvale 4B Development Corporation is responsible for collecting and disbursing the one-half of one percent sales tax to be used for economic incentives, and development and improvement in the quality of life for its citizens. The members of the Corporation's board serve at the pleasure of the Town Council.

In addition, GASB Statement No. 61 considers an organization that does not meet the financial accountability criteria to be included as a component unit if management's professional judgment determines it to be necessary and misleading if it were to be omitted. This evaluation includes consideration of whether a financial benefit or burden exists in the relationship between the entities. Management has not identified any additional organizations that fit this criteria.

2. Basis of Presentation, Basis of Accounting

The basic financial statements are prepared in conformity with GASB Statement No. 34 which requires that the government-wide financial statements to be prepared using the accrual basis of accounting, and the economic resources measurement focus. Government-wide financial statements do not provide information by fund, but distinguish between the Town's governmental activities and business-type activities on the statement of net position and statement of activities. Significantly, the Town's statement of net position includes both noncurrent assets and noncurrent liabilities. In addition, the government-wide statement of activities reflects depreciation expense on the Town's capital assets, including infrastructure.

In addition to the government-wide financial statements, the Town has prepared fund financial statements, which use the modified accrual basis of accounting and the current financial resources measurement focus for the governmental funds. The accrual basis of accounting is utilized by proprietary funds. Under this method, revenues are recorded when earned, and when expenses are recorded at the time liabilities are incurred.

Management's Discussion and Analysis includes an analytical overview of the Town's financial activities. In addition, a budgetary comparison statement is presented that compares the original adopted and final amended budget with actual results for the General Fund.

The basic financial statements include both government-wide, based on the Town as a whole, and fund financial statements. The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all activities of the primary government and its component units. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely on fees and charges for support.

The government-wide statement of activities demonstrates the degree to which the direct expenses of a functional category (police, fire, public works, etc.) or program are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or program. Program revenues include: a) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or program, b) grants and contributions that are restricted to meeting the operational requirements of a particular function or program, or c) grants and contributions that are restricted to meeting the capital requirements of a particular function or program. Taxes and other items not properly included among program revenues are reported instead as general revenues.

The net cost, by function or business-type activity, is normally covered by general revenue (property and sales taxes, franchise taxes, and interest income).

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2. Basis of Presentation, Basis of Accounting (continued)

Separate fund financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds, and major individual proprietary funds are reported as separate columns within the funds financial statements. The major governmental funds are the General Fund and the Debt Service Fund. The major proprietary fund is the Utility Fund. GASB Statement No. 34 sets forth minimum criteria (percentage of assets, liabilities, revenues, or expenditures/expenses of either fund category for the governmental and proprietary combined) for the determination of major funds. The nonmajor funds are combined in a separate column within the fund financial statements. With the adoption of GASB Statement No. 63, the presentation of deferred inflows/outflows is included in this calculation.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principle operating revenues of the Utility Fund are charges to customers for sales and services. The Utility Fund also recognizes, as operating revenue, the portion of tap fees intended to recover the cost of connecting new customers to the system. Operating expenses for proprietary funds include the costs of sales and service, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting the definition are reported as nonoperating revenues and expenses.

The government-wide focus is more on the sustainability of the Town as an entity, and the change in aggregate financial position resulting from the activities of the fiscal period. The focus of the fund financial statements is on major individual funds of the governmental and proprietary categories. Each presentation provides valuable information that can be analyzed and compared to enhance the usefulness of the information.

3. Measurement Focus

Measurement focus refers to what is being measured; basis of accounting refers to when revenues and expenditures are recognized in the accounts, and reported within the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

The government-wide financial statements are reported using the economic resources measurement focus, and the accrual basis of accounting, as are the proprietary fund financial statements. The economic resources measurement focus means all assets and liabilities, (whether current or noncurrent), are included on the statement of net position, and the operating statements present increases (revenues) and decreases (expenses) in total net position. Under the accrual basis of accounting, revenues are recognized when earned, including unbilled water and sewer services which are accrued. Expenses are recognized at the time the liability is incurred, regardless of the timing of cash flows.

Governmental fund level financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter, to pay liabilities of the current period. For this purpose, the government considers revenues to be available when they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due and payable shortly after year end, as required by GASB Interpretation No. 6.

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3. Measurement Focus (continued)

Ad valorem, franchise, and sales tax revenues recorded in the General Fund, and ad valorem tax revenues recorded in the Debt Service Fund, are recognized under the susceptible to accrual concept. Licenses and permits, charges for services, fines and forfeitures, contributions, and miscellaneous revenues are recorded as revenues when received in cash, as the resulting receivable is not measurable. Investment earnings are recorded as earned since they are measurable and available. In applying the susceptible to accrual concept to intergovernmental revenues, the legal and contractual requirements of the individual programs are used as guidance. Intergovernmental grant revenues are recognized when all eligibility requirements have been met.

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, and then unrestricted resources as needed.

Governmental funds are those through which most governmental functions of the Town are financed. The acquisition, use and balances of the Town's expendable financial resources, and the related liabilities, except those accounted for in proprietary funds, are accounted for through governmental funds. The measurement focus is upon determination of changes in financial position, rather than upon net income determination. The following is a description of the Town's major governmental funds:

The ***General Fund*** is the general operating fund of the Town. It is used to account for all financial resources, except those required to be accounted for in another fund. All general tax revenues, and other receipts that are not restricted by law or contractual agreement to some other fund, are accounted for in this fund. General operating expenditures, fixed charges, and capital improvements costs, that are not paid through other funds, are paid from this fund.

The ***Debt Service Fund*** accounts for the accumulation of resources for the payment of principal, interest, and related cost on long term obligation debt of governmental funds.

Proprietary funds are accounted for on a flow of economic resources measurement focus. Within the economic measurement focus, all assets and all liabilities associated with the operation of these funds are included on the statement of net position. Proprietary fund-type operating statements present increases, (e.g., revenues), and decreases, (e.g., expenses), in net position. Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and providing and delivering goods in connection with a proprietary fund's principle ongoing operations. The principal operating revenues of the Town's water and sewer services are charges to customers for sales and services. Operating expenses for the proprietary fund include the cost of sales and services, administrative expenses, and depreciation of capital assets. All revenues and expenses, not meeting this definition, are reported as nonoperating revenues and expenses. The following is a description of the proprietary fund:

The ***Utility Fund*** accounts for the activities of trash collection, and water and wastewater operations, that are intended to be self-supporting on a user charge basis.

4 Financial Statement Amounts

a. Cash and Cash Equivalents

The Town's cash and cash equivalents are considered to be cash on hand, demand deposits, certificates of deposit, and short-term investments with original maturities of one year or less from the date of acquisition.

b. Inventories

Inventories are valued using the first-in/first-out ("FIFO") method. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased.

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

4 Financial Statement Amounts (continued)

c. Receivable and Payable Balances

All trade and property tax receivables are shown net of an allowance for uncollectibles.

Short-term advances between funds are accounted for in the appropriate interfund receivable and payable accounts, and are reported as Internal Balances.

Legally authorized transfers are treated as transfers, and are included in the results of operations of both governmental and proprietary funds.

d. Restricted Assets

Assets are reported as restricted when limitations on their use change the nature of normal understanding of the availability of the asset. Such constraints are either externally imposed by creditors, contributors, grantors, or laws of other governments, or are imposed by law, through constitutional provisions or enabling legislation. Restricted assets in the proprietary fund represent cash and cash equivalents, and investments set aside for repayment of customer's water/sewer deposits, impact fees, and various bond covenants.

Impact fees are the capital recovery fees that are, by law, restricted to the projects these funds may be used to support.

Customer deposits received for water and sewer services are, by law, to be considered restricted assets. These activities are included in the Utility Fund.

e. Capital Assets

Capital assets, which include land, buildings, equipment, and improvements, purchased or acquired, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements and proprietary fund financial statements. The Town defines capital assets as assets with an initial individual cost of more than $1,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost, if historical cost is not available. Contributed assets are recorded at fair market value as of the date donated. Additions, improvements, and other capital outlays, that significantly extend the useful life of an asset, are capitalized. Other costs incurred for repairs and maintenance are expensed.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Net interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. No interest was capitalized during the current fiscal year.

Management elected not to retroactively report infrastructure assets within the scope of GASB 34.

Capital assets are being depreciated using the straight-line method over the following estimated useful lives:

Asset Class	Years
Buildings	40 years
Building Improvements	10-40 years
Machinery & Equipment	3-5 years
Infrastructure	40-50 years

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

4 Financial Statement Amounts (continued)

f. Deferred outflows/inflows of resources

In addition to assets, the statement of financial position reports a separate section for deferred outflows of resources. The separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expenses/expenditures) until then. The Town only has two items that qualifiy for this type of reporting. It is the deferred charge on refunding debt reported in the government-wide statement of net position, and on the utility operations fund statement of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt, and its reacquisition price. This amount is deferred and amortized over the life of the refunded debt. The Town's pension plan contributions made from the measurement date of the pension plan to the current fiscal year end are deferred and will be recognized in the subsequent fiscal year end. Also, the difference between projected and actual investment earnings are amortized as a component of pension expense over a five-year period beginning with the period in which the difference occurred.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Town has three items that qualify for reporting in this category. Accordingly, the item, *unavailable revenue* is reported in the governmental funds balance sheet. Deferred revenue from property taxes is shown as a deferred inflow of resource. The amount is deferred and recognized as inflows of resources in the period that the amounts become available. Deferred revenue from the receivable from 4A is shown as a deferred resource. The amount is deferred and recognized as inflows of resources in the period that the amounts become available. As a component of implementing GASB Statement No. 68, and GASB Statement No. 75, a deferred inflow is recorded in the government-wide statement of net position and within the separate financials for the proprietary statement of net position, for the difference in projected and actual experience in the actuarial measurement of the total pension liability not recognized in the current year. The amount is deferred and amortized over a period of years determined by the Plan actuary. The differences are amortized over the average remaining service life of all participants in the respective pension plan and recorded as a component of pension expense beginning with the period in which they are incurred.

g. Compensated absences

It is the government's policy to permit employees with at least six months of continuous service to accumulate earned but unused vacation pay benefits, not to exceed two times the rate of the employees' annual rate of accrual based on years of service. It is the Town's policy to pay up to 90 days of unused sick time for full time employees upon termination. All sick and vacation pay is accrued when incurred within the government-wide and proprietary fund financial statements. As such, there is an accrual at the close of the fiscal year in the government-wide and proprietary fund financial statements for the amount due to all employees as of September 30, 2018. No unused holiday leave will be paid out upon termination of employment.

h. Pension Plan

In government-wide financial statements, retirement plans (pension) are required to be recognized and disclosed using the accrual basis of accounting regardless of the amounts recognized as pension expenditures.

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

4 Financial Statement Amounts

h. Pension Plan (continued)

In general, the Town recognizes a net pension liability, which represents the Town's proportionate share of the excess of the total pension liability over the fiduciary net position of the pension reflected in the actuarial report provided by the Texas Municipal Retirement System ("TMRS"). The net pension liability is measured as of December 31, 2017. Changes in the net pension liability are recorded as pension expense, or as deferred inflows of resources, or deferred outflows of resources, depending on the nature of the change. The changes in net pension liability that is recorded as deferred inflows of resources, or deferred outflows of resources, (that arise from changes in actuarial assumptions or other inputs and differences between expected or actual experience), is amortized over the weighted average remaining service life of all participants, and are recorded as a component of pension expense beginning with the period in which it is incurred.

For purposes of measuring the net pension liability, and deferred inflows/outflows of resources, relating to pension expense, information about the fiduciary net position of the Town's pension plan with TMRS, and additions/deductions from the plan's fiduciary net position, have been determined on the same basis as they are reported by TMRS. For this purpose, benefit payments, including refunds of employee contributions, are recognized when due and payable in accordance with the benefit terms. Investments are reported at market value.

Projected earning on pension investments are recognized as a component of pension expense. Difference between projected and actual investment earnings are reported as deferred inflows of resources, or deferred outflows of resources, and will be amortized as a component of pension expense on a closed basis over a five-year period beginning with the period in which the difference occurred. Each subsequent year will incorporate an additional closed five-year period of recognition.

i. Long-term Obligations

In the government-wide financial statements, and proprietary fund types within the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds on a straight-line basis. The Town has compared this method to the effective interest method and found the difference between the two methods to be immaterial. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are expensed in the year they are incurred.

Within the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources, while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

j. Net Position Flow Assumption

Sometimes the Town will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted-net position and unrestricted-net position within the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the Town's policy to consider restricted-net position to have been depleted before unrestricted-net position is applied.

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

4 Financial Statement Amounts (continued)

k. Fund Balance Policies

In the fund financial statements, governmental funds report reservations of fund balance as nonspendable, restricted, committed, assigned, or unassigned based primarily on the extent to which the Town is bound to honor constraints on how specific amounts can be spent.

- *Nonspendable fund balance* - includes the portion of net resources that cannot be spent because of its form (i.e., inventory, long-term loans, or prepaids), or because they must remain intact.
- *Restricted fund balance* - includes the portion of net resources on which limitations are imposed by creditors, grantors, contributors, or by laws or regulations of other governments (i.e. externally imposed limitations). Amounts can be spent only for the specific purposes stipulated by external resource providers, or as allowed by law through constitutional provisions or enabling legislation.
- *Committed fund balance* - includes the portion of net resources that can only be used for a specific purpose, determined by a resolution or ordinance of the Town Council, and that remains binding unless removed in the same manner. The resolution must be approved before the commitment will be reflected on the financial statements.
- *Assigned fund balance* - includes the portion of net resources for which an *intended* use has been established by the Town Council or the Town Manager. Assignment of fund balance is much less formal than commitments, and do not require formal action for their imposition or removal. In governmental funds, other than the General Fund, assigned fund balance represents the amount that is not restricted or committed, which indicates that resources are, at a minimum, intended to be used for the purpose of that fund, as directed by the Town Council, or the Town Manager.
- *Unassigned fund balance* - includes the amounts within the General Fund in excess of what can properly be classified in one of the other categories of fund balance. It is the residual classification of the General Fund, and includes all amounts not contained in other classifications. Unassigned amounts are technically available for any purpose. Negative residual amounts for all other governmental funds are reported in this classification.

Fund balances of governmental funds are reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The government itself can establish limitations on the use of resources through either a commitment, committed fund balance, or an assignment, assigned fund balance.

The purpose of the Town's fund balance policy is to maintain a prudent level of financial resources to protect against reducing service levels or raising taxes and fees because of temporary revenue shortfalls or unprecedented one-time expenditures.

It is the long-term goal of the Town to maintain a minimum unassigned fund balance in the general fund equivalent to no less than 66% of operating expenses. The Town is currently in compliance with this policy, with an unassigned fund balance at 67% of operating expenditures.

l. Fund Balance Flow Assumption

Sometimes the Town will fund outlays for a particular purpose from both restricted and unrestricted resources, the total of committed, assigned and unassigned fund balance. In order to calculate the amounts to report as restricted, committed, assigned and unassigned fund balance within the governmental fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the Town's policy to consider any restricted fund balance to have been depleted before using any component of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

4 Financial Statement Amounts (continued)

m. Federal and State Grants

Grants and shared revenues are generally accounted for within the fund financed.

n. Comparative Data

Comparative total data for the current year to budget have been presented within the supplementary section of the financial statements in order to provide an understanding of budgeted to actual results.

o. Property Taxes

The Town's property tax is levied each October 1, on the assessed value listed as of the prior January 1, for all real and personal property. Appraised values are established by the Dallas Central Appraisal District as market value and assessed at 100% of appraised value. Property taxes attach as an enforceable lien on property as of January 1. The Dallas County Appraisal District bills for the property taxes, which are due October 1. Full payment must be made prior to the next January 31, to avoid penalty or interest charges. Over time, substantially all property taxes are collected. Revenues are recognized as ad valorem taxes are collected. Additional delinquent property taxes estimated to be collectible within 60 days following the close of the fiscal year have been recognized as a revenue at the fund level.

In Texas, county-wide central appraisal districts are required under the Property Tax Code to assess all property within the appraisal district on the basis of 100% of its market value, and are prohibited from applying any assessment ratios. The value of property within the appraisal district must be reviewed every five years; however, the Town may, at its own expense, require annual reviews of appraisal values. The Town may challenge appraised values established by the appraisal district through various appeals, and, if necessary, take legal action. Under this legislation, the Town continues to set tax rates on Town property. However, if the effective tax rate, including tax rates for bonds and other contractual obligations, adjusted for new improvements, exceeds the rate for the previous year by more than 8%, qualified voters of the Town may petition for an election to determine whether to limit the tax rate to no more than 8% above the tax rate of the previous year.

For the fiscal year ended September 30, 2018, the Town had a tax rate of $.413088 per $100 assessed values.

p. Interfund Activity

Interfund activity results from loans, services provided, reimbursements or transfers between funds. Loans are reported as interfund receivables and payables, as appropriate, and are subject to elimination upon consolidation. Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures or expenses. Reimbursements occur when one fund incurs a cost, charges the appropriate benefiting fund, and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers. Transfers In, and Transfers Out, are netted, and presented as a single "Transfers" line on the government-wide statement of activities. Similarly, interfund receivables and payables are netted and presented as a single "Internal Balances" line on the government-wide statement of net position.

q. Use of Estimates

The preparation of financial statements in conformity with GAAP requires the use of management's estimates.

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

4 Financial Statement Amounts (continued)

r. Program Revenues

Certain revenues such as charges for services and impact fees are included in program revenues.

s. Program Expenses

Certain indirect costs, such as administrative costs, are included in the program expense reported for individual functional activities.

B. COMPLIANCE AND ACCOUNTABILITY

1. Finance-Related Legal and Contractual Provisions

In accordance with GASB Statement No. 38, "Certain Financial Statement Note Disclosures," violations of finance-related legal and contractual provisions, if any, are reported below, along with actions taken to address such violations:

Violation	Action Taken
None	N/A

2. Deficit Fund Balance or Fund Net Position of Individual Funds

Following are funds having deficit fund balances or fund net position at year end, if any, along with remarks which address such deficits:

Violation	Action Taken
None	N/A

3. Budgets and Budgetary Accounting

The Town adopts an "appropriated budget" of several of the governmental funds by department. The Town is required to present the adopted and final amended budget for both revenues and expenditures. The Town compares the final amended budget to actual revenues and expenditures.

The following procedures are followed in establishing the budgetary data:

- The Town Manager shall submit a proposed budget containing a complete financial plan for each fiscal year. Such budget shall be submitted to the Town Council not more than one hundred twenty (120) days, but not less than sixty (60) days, prior to the beginning of each fiscal year.
- The General Fund is legally required to have an adopted budget, and is included in the basic financial statements. The Town Manager shall submit a five-year Capital Improvement Program as an attachment to the annual budget. The Program shall include a list of all capital improvements that are proposed for the five fiscal years succeeding the budget year; cost estimates, method of financing, and recommended time schedules for each improvement; and the estimated annual cost of operating and maintaining the facilities to be constructed or acquired. The information may be revised and extended each year with regard to the capital improvements still pending, or in process of construction or acquisition.
- The Town Council shall publish a notice for a public hearing on the budget in accordance with State Law.

B. COMPLIANCE AND ACCOUNTABILITY

3. Budgets and Budgetary Accounting (continued)

- After the public hearing, the Town Council may adopt the budget with or without amendment. In amending the budget, the Town Council may add or increase programs or amounts and may delete or decrease any programs or amounts, except expenditures required by law, or for debt service.

- On or before the 20th day of the last month of the fiscal year currently ending, the Town Council shall adopt the budget by an affirmative vote of a majority of the members of Town Council then qualified and serving. If the Town fails to adopt the budget by this date, the amounts appropriated for current operation for the current fiscal year shall be deemed adopted for the ensuing fiscal year on a month-to-month basis, with all items in it prorated accordingly, until such time as the Town Council adopts a budget for the ensuing fiscal year. Adoption of the budget shall constitute appropriations of the amounts specified therein as expenditures from the funds indicated and shall constitute a levy of the property tax therein proposed.

- Under conditions which may arise, and which could not have been foreseen in the normal process of budget preparation, the Town Council may, by an affirmative action vote of a majority of the members of the Town Council, then qualified and serving, amend the budget. Such amendments shall be by ordinance.

C. CASH AND INVESTMENTS

The Town's funds are required to be deposited and invested under the terms of a depository contract and investment policy pursuant to state statute. The depository bank deposits for safekeeping and trust with the Town's agent approved pledged securities authorized by Chapter 2257, "Collateral for Public Fund of the Government Code", in an amount sufficient to protect the Town funds on a day-to-day basis during the period of the contract. The pledge of approved securities is waived only to the extent of the depository banks' dollar amount of Federal Deposit Insurance Corporation ("FDIC").

Cash Deposits
At September 30, 2018, the carrying amount of the Town's deposits (cash, certificates of deposit, and interest-bearing savings accounts included in temporary investments) was $16,463,030 and the bank balance was $17,156,669. The Town's cash deposits at September 30, 2018 and during the year ended September 30, 2018, were entirely covered by FDIC insurance or by pledged collateral held by the Town's agent bank in the Town's name.

Cash and investments as of September 30, 2018 consist of and are classified in the financial statements as follows:

Statement of net position:

Primary Government	
Cash and cash equivalents	$ 8,538,125
Restricted assets-cash and cash equivalents	7,924,905
Total cash and cash equivalents	**$ 16,463,030**
Governmental - Restricted Cash	
Community services	$ 68,542
Road maintenance and improvements	1,531,074
Debt service	265,289
Capital projects	4,325,140
Total Governmental	**6,190,045**
Business-type - Restricted Cash	
Water Infrastructure installation	1,734,860
Total Business-type	**1,734,860**
Total Restricted cash	**$ 7,924,905**

C. CASH AND INVESTMENTS (continued)

Investments
The Public Funds Investment Act ("Act") (Government Code Chapter 2256) requires the Town to have an annual audit of investment practices. Audit procedures in this area conducted as a part of the audit of the general purpose financial statements disclosed that in the areas of investment practices, management reports, and establishment of appropriate policies, the Town adhered to the requirements of the Act. Additionally, investment practices of the Town were in accordance with local policies.

Currently, all of the Town's investments are with TexSTAR. TexSTAR is administered by First Southwest Asset Management Inc. and JP Morgan Chase. Together, these organizations bring to the TexSTAR program the powerful partnership of two leaders in financial services with a proven track record in local government investment pool management. TexSTAR is a local government investment cooperative created under the Interlocal Cooperation Act, specifically tailored to meet Texas state and local government investment objectives of preservation of principal, daily liquidity, and competitive yield. The fund is rated AAAm by Standard & Poor's. A request for TexSTAR's financial statement can be made at www.TexStar.org.

Custodial Credit Risk
Custodial credit risk for deposits is the risk that, in the event of a failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. Consistent with the requirements of the Public Funds Collateral Act, it is the policy of the Town to require full collateralization of all Town investments and funds on deposit with a depository bank, other than investments which are obligations of the U.S. government and its agencies and instrumentalities.

In order to anticipate market changes and provide a level of security for all funds, it is the Town's policy that the market value of investments securing the deposit of funds shall be at least equal to or not less than 102% of the amount of the deposit of funds, reduced to the extent that the deposits are insured by the FDIC. The market value of collateral will always equal or exceed the principal and accrued interest of deposits at financial institutions. At its discretion, the Town may require a higher level of collateralization for certain investment securities. Securities pledged as collateral shall be held by an independent third party with whom the Town has a current custodial agreement. As of September 30, 2018, The Town is in compliance with this policy.

Credit Risk
Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Presented below is the minimum rating required by (where applicable) the Public Funds Investment Act, the Town's investment policy, or debt agreements and the actual rating as of year end for each investment type.

The Town will minimize credit risk, the risk of loss due to the failure of the security issuer or backer by:

- Limiting investment to the safest types of securities;
- Pre-qualifying the financial institutions and broker/dealers with which the Town will do business;
- Diversifying the investment portfolio so that potential loss on individual securities will be minimized.

Interest Rate Risk
Investment rate risk is the risk that changes in market interest rates will adversely affect the fair market value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its market value, to changes in market interest rates. One of the ways that the Town manages its exposure to interest rate risk is by investing mainly in investment pools which purchase a combination of shorter term investments with an average maturity of less than 60 days, thus reducing interest rate risk. The Town monitors interest rate risk inherent in its portfolio by measuring the weighted average maturity of its portfolio. The Town's investment policy has no specific limitations with respect to this metric.

C. CASH AND INVESTMENTS (continued)

Fair Value of Investments

Fair value is the amount at which a security could be exchanged in a current transaction between willing parties, other than in forced liquidation. GASB 79 created an election option for external investment pools and pool participants to continue to utilize amortized cost accounting, rather than fair value, for certain investment pools, and eliminated the reference to SEC2a-7 guidance. Participants in qualifying pools would be permitted to continue measuring investments at amortized cost if they met certain criteria. The Town's investment pool (TexStar) is in compliance with GASB 79. The Town's investment pool, TexStar, has elected to continue to measure its investments at fair value even though they meet all criteria under GASB 79 to report at amortized cost. The Town has mirrored these valuations.

The Town is required to disclose the fair value of its investments within the fair value hierarchy established by GASB 72. In the fair value hierarchy there are three levels: 1) Inputs that are quoted prices (unadjusted) for identical assets, or liabilities in active markets that a government can access at the measurement date, 2) inputs (other than quoted prices included within level one) that are observable for an asset or liability, either directly or indirectly, 3) unobservable inputs for an asset or liability.

Federal Securities classified as level two of the fair value hierarchy are valued using an evaluation model maintained by surveying the dealer community, obtaining relevant trade dates and spreads, and incorporating information into the evaluation process. U.S. Treasury Notes classified as level two of the fair value hierarchy are valued using an evaluation mode with continuous feeds from live data sources including active market makers and inter-dealer brokers.

The Town invests in TexStar investment pool which maintain a stable net asset value (NAV) of $1 per share using the fair value method. The Town has no unfunded commitments to these pools and may redeem investments at any time. As of September 30, 2018 the Town's investments all were classified as level two according to GASB 72, except for the pools which are exempt from the level of fair value disclosure because they are valued either at NAV or amortized cost.

SUMMARY OF INVESTMENTS AND CASH EQUIVALENTS, RELATED WEIGHTED AVG. MATURITY, AND FAIR VALUE MEASUREMENTS

Investment Type	Amount	Minimum Legal Rating	Rating as of Year End	Average Maturity
TexStar	$ 4,325,140	N/A	AAA-m	39 days

D. RECEIVABLES

Receivables as of year end for the government's individual major funds and non-major funds, including the applicable allowances for uncollectible accounts, are as follows:

	General	Debt Service	Utility	Total
Receivables:				
Taxes	$ 412,083	$ 11,543	$ -	$ 423,626
Fees and Charges	1,951,813	-	833,949	2,785,762
Gross Receivables	2,363,896	11,543	833,949	3,209,388
Less: allowance for uncollectables	(1,480,092)	(6,744)	(140)	(1,486,976)
Net Total Receivables	$ 883,804	$ 4,799	$ 833,809	$ 1,722,412

Allowance for uncollectables: Approximately 97%, or $1,443,700, of the allowance represents older outstanding court warrants that that have been deemed as potentially uncollectable.

E. NOTE RECEIVABLE

The Sunnyvale 4A Development Corporation agreed to pay a portion of the Town's 2013 Refunding Bond by remitting to the Town from the receipts of local sales and use taxes received by the Corporation to pay a portion of the principal and interest on the bonds.

	Beginning Balances	Additions	Decreases	Ending Balances	Due Within One Year
Note receivable-4A Dev	$ 435,649	$ -	$ 52,910	$ 382,739	$ 34,998

Requirements as follows:

Year Ending Sept 30	Payment
2019	34,998
2020	35,164
2021	36,238
2022	37,254
2023-2028	239,085
	$ 382,739

F. CAPITAL ASSETS

Capital asset activity for the period ended September 30, 2018 was as follows:

	Beginning Balances	Transfers	Additions	Decreases	Ending Balances
Governmental Activities					
Capital assets, not being depreciated					
Land	$ 1,419,679	$ -	$ -	$ -	$ 1,419,679
Construction in Progress	-	30,758	-	-	30,758
Total capital assets, not being depreciated	1,419,679	30,758	-	-	1,450,437
Capital assets, being depreciated:					
Buildings & Improvements	5,395,244	-	-	-	5,395,244
Machinery & Equipment	3,955,595	-	250,142	-	4,205,737
Infrastructure	9,245,106	-	3,231,953	-	12,477,059
Total capital assets being depreciated	18,595,945	-	3,482,095	-	22,078,040
Less accumulated depreciation for:					
Buildings & Improvements	(1,484,498)	-	(134,826)	-	(1,619,324)
Machinery & Equipment	(2,636,268)	-	(293,652)	-	(2,929,920)
Infrastructure	(1,984,208)	-	(241,983)	-	(2,226,191)
Total accumulated depreciation	(6,104,974)	-	(670,461)	-	(6,775,435)
Total capital assets, being depreciated, net	12,490,971	-	2,811,634	-	15,302,605
Governmental activities capital assets, net	**$ 13,910,650**	**$ 30,758**	**$ 2,811,634**	**$ -**	**$ 16,753,042**

	Beginning Balances	Transfers	Additions	Decreases	Ending Balances
Business-type Activities					
Capital assets, not being depreciated:					
Land	$ 127,225	$ -	$ -	$ -	$ 127,225
Construction in Progress	3,746,068	-	-	(3,746,068)	-
Total capital assets, not being depreciated	3,873,293	-	-	(3,746,068)	127,225
Capital assets, being depreciated:					
Buildings	1,959,800	-	4,707,618	-	6,667,418
Machinery & Equipment	798,274	-	82,784	-	881,058
Infrastructure	21,189,101	-	6,375,710	-	27,564,811
Total capital assets being depreciated	23,947,175	-	11,166,112	-	35,113,287
Less accumulated depreciation for:					
Buildings	(931,282)	-	(116,244)	-	(1,047,526)
Machinery & Equipment	(386,912)	-	(45,640)	-	(432,552)
Infrastructure	(4,725,579)	-	(497,346)	-	(5,222,925)
Total accumulated depreciation	(6,043,773)	-	(659,230)	-	(6,703,003)
Total capital assets, being depreciated, net	17,903,402	-	10,506,882	-	28,410,284
Business-type activities capital assets, net	**$ 21,776,695**	**$ -**	**$ 10,506,882**	**$ (3,746,068)**	**$ 28,537,509**

F. CAPITAL ASSETS (continued)

Depreciation expense was charged to functions/programs of the primary government as follows:

Governmental activities:	
General Government	$ 183,259
Public Safety	154,682
Public Works	210,057
Community Service	24,799
Parks & Recreation	97,664
Total depreciation expense - governmental activities	$ 670,461
Business-type activities:	
Utility	$ 659,230
Total depreciation expense - business-type activities	$ 659,230

G. CONSTRUCTION COMMITMENTS

As of September 31, 2018, the Town had one open construction project for enhancements to Collins Road Infrastructure.

H. IMPAIRED CAPITAL ASSETS

The Town of Sunnyvale and management did not take note of any significantly impaired capital assets that are idle at the end of the fiscal year of 2018.

I. LONG-TERM OBLIGATIONS

A summary of long-term debt transactions, including the current portion, for the year ended September 30, 2018, is as follows:

	Beginning Balance	Issued	Decrease	Ending Balance	Due Within One Year
Governmental Activities					
Refunding bonds	$ 2,650,000	$ -	$ (470,000)	$ 2,180,000	$ 175,000
Certificates of obligation	4,045,000	-	-	4,045,000	120,000
Tax Note	495,000	-	(120,000)	375,000	125,000
Plus: Issuance premiums	525,708	-	(34,332)	491,376	(34,332)
Minus: Issuance discounts	(32,207)	-	1,617	(30,590)	1,617
Total bonds payable	7,683,501	-	(622,715)	7,060,786	387,285
BOK Finance	402,288	-	(91,804)	310,484	93,468
Total lease payable	402,288	-	(91,804)	310,484	93,468
Net pension liability	630,094	-	(190,054)	440,040	-
Net OPEB liability	-	67,798	-	67,798	-
Compensated absences	124,865	137,352	(137,352)	124,865	-
Governmental activity Long-term liabilities	$ 8,840,748	$ 205,150	$ (1,041,925)	$ 8,003,973	$ 480,753

I. LONG-TERM OBLIGATIONS (continued)

	Beginning Balance	Issued	Decrease	Ending Balance	Due Within One Year
Business-type Activities					
Water & Sewer					
Refunding bonds	$ 1,820,000	$ -	$ (145,000)	$ 1,675,000	$ 145,000
Certificates of obligation	2,360,000	-	(130,000)	2,230,000	135,000
Plus: Issuance premiums	147,756	-	(13,224)	134,532	(13,223)
Total Bonds Payable	4,327,756	-	(288,224)	4,039,532	266,777
Notes payable	132,031	-	(12,006)	120,025	12,004
Minus: Issuance discounts	(39,279)		3,570	(35,709)	3,570
Total Notes Payable	92,752	-	(8,436)	84,316	15,574
Net pension liability	145,065	-	(39,511)	105,554	-
Net OPEB liability	-	16,735	-	16,735	-
Compensated absences	23,058	25,364	(25,364)	23,058	11,529
Business-type activity Long-term liabilities	$ 4,588,631	$ 42,099	$ (361,535)	$ 4,269,195	$ 293,880

General obligation bonds
The general obligation bonds are backed by the full faith and credit of the Town and are payable from property taxes.

Refunding bonds and certificates of obligation
The refunding bonds and certificates of obligation are payable from the net revenues of the Utility Fund and from property taxes received by the Town.

Compensated Absences
Compensated absences represent the estimated liability for employees' accrued vacation leave for which employees are entitled to be paid upon termination. The retirement of this liability is typically paid from the General or Proprietary Fund, based on the assignment of an employee at date of termination.

Changes in Governmental Long-term Debt

Description	Interest Rate Payable	Amounts Original Issue	Amounts Outstanding September 30 2017	Issued	Retired	Amounts Outstanding September 30 2018	Due Within One Year
2013 GO Refunding	2.50%	$ 4,295,000	$ 2,650,000	$ -	$ (470,000)	$ 2,180,000	$ 175,000
2017 Certificate of Oblig.	3.00%	4,045,000	4,045,000	-	-	4,045,000	120,000
2014 Tax Note	1.62%	785,000	495,000	-	(120,000)	375,000	125,000
Total Bonds Payable		9,125,000	7,190,000	-	(590,000)	6,600,000	420,000
Capital Lease- BOK	1.81%	591,554	402,288	-	(91,804)	310,484	93,468
Total Capital Lease Payable		591,554	402,288	-	(91,804)	310,484	93,468
Net Pension Liability			630,094	-	(190,054)	440,040	-
Net OPEB Liability			-	67,798	-	67,798	
Compensated absences			124,865	137,352	(137,352)	124,865	-
Totals		$ 9,716,554	$ 8,347,247	$ 205,150	$ (1,009,210)	$ 7,543,187	$ 513,468

Debt service requirements are as follows:

Year Ending September 30:	Principal	Interest	Total Requirements
2019	420,000	206,813	626,813
2020	430,000	197,038	627,038
2021	440,000	187,975	627,975
2022	385,000	178,075	563,075
2023-2027	2,100,000	712,625	2,812,625
2028-2032	1,410,000	406,075	1,816,075
2033-2037	1,415,000	146,100	1,561,100
Totals	$ 6,600,000	$ 2,034,701	$ 8,634,701

I. LONG-TERM OBLIGATIONS

Changes in Governmental Long-term Debt (continued)

A brief discussion of each bond issuance as follows:

$4,295,000 - Series 2013 Refunding General Obligation Bonds issued in April 2013 to refund a portion of the Town's outstanding debt. The Bonds mature in September 2028.

$785,000 - 2014 Tax Note issued in November 2014 for the purpose of purchasing land and a building for law enforcement facilities. The Note matures in February 2021.

$4,045,000 - 2017 Certificate of Obligation issued in April 2017 for the purpose of construction of street improvements to Collins Road. The Certificates mature at various dates through September 2037.

Capital Lease

The Town entered into a capital lease agreement for a 2016 Ford F-350 Ambulance in the amount of $176,125 on December 29, 2015 and a 2016 Spartan Pumper in the amount of $415,429 on February 16, 2016. The lease will be repaid over a seven year period at an interest rate of 1.81%. The future minimum lease obligation and the net present value of these minimum lease payments as of September 30, 2018 were as follows:

Year Ending September 30:	Total Requirements
2019	99,097
2020	99,097
2021	62,588
2022	62,588
Totals	$ 323,370

Changes in Business-type Long-term Debt

Description	Interest Rate Payable	Amounts Original Issue	Amounts Outstanding September 30 2017	Issued	Retired	Amounts Outstanding September 30 2018	Due Within One Year
2011 CO	3.00%	3,035,000	2,360,000	-	(130,000)	2,230,000	135
2013 GO Refunding	2.50%	2,370,000	1,820,000	-	(145,000)	1,675,000	145,000
Total Bonds Payable		5,405,000	4,180,000	-	(275,000)	3,905,000	145,135
Infrastructure Repayment		192,062	132,031	-	(12,006)	120,025	12,004
Net Pension Liability		-	145,065	-	(39,511)	105,554	-
Net OPEB Liability		-	-	16,735	-	16,735	-
Compensated Absences		-	23,058	25,364	(25,364)	23,058	11,529
Totals		$ 5,597,062	$ 4,480,154	$ 42,099	$ (351,881)	$ 4,170,372	$ 168,668

Debt service requirements are as follows:

Year Ending September 30:	Principal	Interest	Total Requirements
2019	280,000	134,800	414,800
2020	290,000	124,875	414,875
2021	300,000	114,600	414,600
2022	310,000	103,975	413,975
2023-2027	1,725,000	350,263	2,075,263
2028-2031	1,000,000	58,919	1,058,919
Totals	$ 3,905,000	$ 887,432	$ 4,792,432

I. LONG-TERM OBLIGATIONS

Changes in Business-type Long-term Debt (continued)

A brief discussion of each bond issuance as follows:

$1,090,000 Series 2010 Refunding General Obligation Bonds issued in March 2010 to refund a portion of the Town's outstanding debt. The Bonds matured in 2017 and were repaid in their entirety.

$3,035,000 Series 2011 Combination Tax and Revenue Certificates of Obligation bonds issued for constructing, acquiring, purchasing, renovating, enlarging, equipping and improving water system properties and facilities, including the acquisition of land and right-of-ways therefore, and professional services rendered in connection therewith. The Certificates mature at various dates through February 2021.

$2,370,000 Series 2013 Refunding General Obligation Bonds issued in April 2013 to refund a portion of the Town's outstanding debt. The Bonds mature in September 2028.

Note Payable

In fiscal year 2007, the Town executed an infrastructure repayment agreement with the Texas Department of Agriculture's Rural Economic Development Division. Under the terms of the agreement, the Town agreed to repay program income to the Texas Department of Agriculture in an amount up to $192,100. The note is noninterest bearing. However, to reflect the time value of money, the liability recorded in the financial statements reflects future payments discounted at an imputed interest rate of 5.00%. Payments will be made in no more than two hundred and forty equal monthly installments beginning the first (1st) day of the third (3rd) month following the completion date or occupancy by the beneficiary, whichever comes first. The amount of funds to be repaid as of September 30, 2018 totals $144,035. The amount due within one year totals $12,004.

Future note payments are as follows:

Year Ending September 30:	Minimum Obligation
2019	12,004
2020	12,004
2021	12,004
2022	12,004
2023-2028	72,012
Total minimum note payments	$ 120,028
Less: amount representing interest	(35,709)
Present value of note payments	$ 84,319

J. OPERATING LEASES

The Town leases copiers from DeLange to provide equipment for the printing, copying, faxing, and scanning needs of the Town during daily operation. The total cost for the copier leases was $31,940 for the year ended September 30, 2018. The Town also leases a postage machine from Pitney Bowes. The total cost for the postage machine lease was $2,928 for the year ended September 30, 2018. The future minimum payments for these leases are as follows:

Year Ending September 30	Pitney Bowes	DeLange	Total
2019	2,928	31,308	34,236
2020	2,928	31,308	34,236
2021	1,464	2,609	4,073
Total	$ 2,928	$ 31,308	$ 34,236

K. PENSION PLAN

For the purpose of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of TMRS and additions/ deductions from TMRS's fiduciary net position have been determined on the same basis as they are reported by the Plan. For this purpose, plan contributions are recognized in the period that compensation is reported for the employee, which is when contributions are legally due. Benefit payments and refunds are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

1. Plan Description

The Town provides pension benefits for all its eligible employees through a non-traditional, joint contributory, hybrid defined benefit plan administered by the Texas Municipal Retirement System ("TMRS"). TMRS is an agency created by the State of Texas and administered in accordance with the TMRS Act, Subtitle G, Title 8, Texas Government Code ("TMRS Act") as an agent multiple-employer retirement system for municipal employees in the State of Texas. The TMRS Act places the general administration and management of the System with a six-member Board of Trustees. Although the Governor, with the advice and consent of the Senate, appoints the Board, TMRS is not fiscally dependent on the State of Texas. TMRS's defined benefit pension plan is a tax-qualified plan under Section 401(a) of the Internal Revenue Code. TMRS issues a publicly available comprehensive annual financial report ("CAFR") that can be obtained at www.tmrs.com.

All eligible employees of the Town are required to participate in TMRS.

2. Benefits Provided

TMRS provides retirement, disability, and death benefits. Benefits provisions are adopted by the Town Council, within the options available in the statutes governing TMRS.

At retirement, the benefit is calculated as if the sum of the employee's contributions, with interest, and the town-financed monetary credits with interest were used to purchase an annuity. Members may choose to receive their retirement benefit in one of seven payment options. Members may also choose to receive a portion of their benefit as a Partial Lump Sum Distribution in an amount equal to 12, 24, or 36 monthly payments, which cannot exceed 75% of the member's deposits and interest.

Employees covered by benefit terms:
At the December 31, 2017 valuation and measurement date, the following employees were covered by the benefit terms:

	Plan Year	
	2017	2016
Inactive employees or beneficiaries currently receiving benefits	16	15
Inactive employees entitled to but not yet receiving benefits	33	31
Active employees	39	36
	88	82

K. PENSION PLAN (continued)

3. Contributions

The contribution rates for employees in TMRS are either 5%, 6%, or 7% of employee gross earnings, and the Town matching percentages are either 100%, 150%, or 200%, both as adopted by the Town Council. Under the state law governing TMRS, the contribution rate for each town is determined annually by the actuary, using the Entry Age Normal ("EAN") actuarial cost method. The actuarially determined rate is the estimated amount necessary to finance the cost of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability.

Employees for the Town were required to contribute 6.00% of their annual gross earnings during the fiscal year. Contribution rates for the Town were 12.13% and 12.19% in calendar years 2017 and 2016, respectively. The Town's contributions to TMRS for the fiscal year ended September 30, 2018 were $272,132.

4. Net Pension Liability

The Town's Net Pension Liability ("NPL") was measured as of December 31, 2017, and the Total Pension Liability ("TPL") used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date.

Actuarial assumptions:
The Total Pension Liability in the December 31, 2017 actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.5% per year
Overall payroll growth	3.0%, per year
Investment Rate of Return	6.75%, net of pension plan investment expense, including inflation

Salary increases were based on a service-related table. Mortality rates for active members, retirees, and beneficiaries were based on the gender-distinct RP2000 Combined Healthy Mortality Table, with male rates multiplied by 109% and female rates multiplied by 103%. Based on the size of the Town, rates are multiplied by a factor of 100%. The rates are projected on a fully generational basis by scale BB to account for future mortality improvements. For disabled annuitants, the gender-distinct RP2000 Combined Healthy Mortality Tables with Blue Collar Adjustments are used with males rates multiplied by 109% and female rates multiplied by 103% with a 3-year set-forward for both males and females. In addition, a 3% minimum mortality rate is applied to reflect the impairment for younger members who become disabled. The rates are projected on a fully generational basis by scale BB to account for future mortality improvements subject to the 3% floor.

Actuarial assumptions used in the December 31, 2017 valuations were based on the results of actuarial experience studies. The experience study in TMRS was for the period December 31, 2010 through December 31, 2014. Healthy post-retirement mortality rates and annuity purchase rates were updated based on a Mortality Experience Investigation Study covering 2009 through 2011, and dated December 31, 2013. These assumptions were first used in the December 31, 2013 valuation, along with a change to the Entry Age Normal (EAN) actuarial cost method. Assumptions are reviewed annually. No additional changes were made for the 2017 valuation. After the Asset Allocation Study analysis and experience investigation study, the Board amended the long-term expected rate of return on pension plan investments from 7% to 6.75%. Plan assets are managed on a total return basis with an emphasis on both capital appreciation as well as the production of income, in order to satisfy the short-term and long-term funding need of TMRS.

The long-term expected rate of return on pension plan investment is 6.75%. The pension plan's policy in regard to the allocation of invested assets is established and may be amended by the TMRS Board of Trustees. Plan assets are managed on a total return basis with an emphasis on both capital appreciation as well as the production of income, in order to satisfy the short-term and long-term funding needs of TMRS.

K. PENSION PLAN

4. Net Pension Liability (continued)

Discount Rate

The discount rate used to measure the Total Pension Liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that employee and employer contributions were made at the rates specified in statute. Based on that assumption, the pension plan's Fiduciary Net Position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the Total Pension Liability.

Changes in Net Pension Liability/(Asset):

	Increases (Decreases)		
	Total Pension Liability (a)	Fiduciary Net Position (b)	Net Pension Liability/(Asset) (a) - (b)
Balances as of December 31, 2016	$ 5,148,040	$ 4,310,832	$ 837,208
Changes for the year:			
Service cost	321,161		321,161
Interest (on the Total Pension Liability)	351,770		351,770
Changes of benefit terms	-		-
Difference between expected and actual experience	15,749		15,749
Changes in assumptions	-		-
Benefit payments, including refunds of employee contributions	(194,424)		(194,424)
Contributions - employer		244,031	(244,031)
Contributions - employee		122,425	(122,425)
Net investment income		597,290	(597,290)
Benefit payments, including refunds of employee contributions		(194,424)	194,424
Administrative expense		(3,096)	3,096
Other		(156)	156
Balances as of December 31, 2017	$ 5,642,296	$ 5,076,902	$ 565,394

K. PENSION PLAN

4. Net Pension Liability (continued)

Sensitivity of the net position liability to change in the discount rate

The following presents the net pension liability of the Town, calculated using the discount rate of 6.75%, as well as what the Town's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.75%) or 1-percentage-point higher (7.75%) than the current rate:

1% Decrease 5.75%	Current Single Rate Assumption 6.75%	1% Increase 7.75%
$ 1,474,985	$ 565,394	$ (164,086)

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's Fiduciary Net Position is available in a separately-issued TMRS financial report. That report may be obtained on the internet at www.tmrs.com.

5. Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the year ended September 30, 2018, the Town recognized pension expense of $199,056.

At September 30, 2018, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflow of Resources	Deferred Inflow of Resources
Differences between expected and actual economic experience	$ 11,549	$ 35,067
Changes in actuarial assumptions	8,371	-
Difference between projected and actual investment earnings	112,777	245,142
Contributions subsequent to the measurement date of December 31, 2017	208,928	-
	$ 341,625	$ 280,209

$183,684 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability for the fiscal year ending September 30, 2018. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Net deferred outflows (inflows) of resources: December 31	
2018	$ (18,312)
2019	(8,040)
2020	(59,899)
2021	(61,261)
2022	-
Thereafter	-
	$ (147,512)

K. PENSION PLAN

6. Group-term Life Insurance

The Town also participates in the cost sharing multiple-employer defined benefit group-term life insurance plan operated by the TMRS known as the Supplemental Death Benefits Fund ("SDBF"). The Town elected, by ordinance, to provide group-term life insurance coverage to both current and retired employees. The Town may terminate coverage under and discontinue participation in the SDBF by adopting an ordinance before November 1 of any year to be effective the following January 1.

The death benefit for active employees provides a lump-sum payment approximately equal to the employee's annual salary (calculated based on the employee's actual earnings, for the 12-month period preceding the month of death); retired employees are insured for $7,500; this coverage is an "other postemployment benefit", or OPEB.

The Town contributes to the SDBF at a contractually required rate as determined by an annual actuarial valuation. The rate is equal to the cost of providing one-year term life insurance. The funding policy for the SDBF program is to assure that adequate resources are available to meet all death benefit payments for the upcoming year; the intent is not to pre-fund retiree term life insurance during employees' entire careers.

Total OPEB Liability

The Town's total OPEB liability of $88,056 was measured as of December 31, 2017, and was determined by an actuarial valuation as of that date.

The total OPEB liability in the December 31, 2017 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.50%
Salary increases	3.50% to 10.5%, including inflation
Discount rate*	3.31%

* The discount rate was based on the Fidelity Index's "20-Year Municipal GO AA index" rate as of December 31, 2017.

Mortality rates - service retirees:

RP2000 Combined Mortality Table with Blue Collar Adjustment with male rates multiplied by 109% and female rates multiplied by 103% and projected on a fully generational basis with scale BB.

Mortality rates - disabled retirees:

RP2000 Combined Mortality Table with Blue Collar Adjustment with male rates multiplied by 109% and female rates multiplied by 103% and then 3 year set-forward for both males and females. The rates are projected on a fully generational basis with scale BB to account for future mortality improvements subject to the 3% floor.

The actuarial assumptions used in the December 31, 2017 valuation were based on the results of an actuarial experience study for the period December 31, 2010 to December 31, 2014.

Changes in the Total OPEB Liability:

Total OPEB Liability - beginning of year	$	72,217
Changes for the year:		
Service costs		7,141
Interest on Total OPEB Liability		2,849
Changes in benefit terms		-
Differences between expected and actual experience		-
Changes in assumptions or other inputs		6,665
Benefit payments		(816)
Total OPEB Liability - end of year	$	88,056

H. PENSION PLAN

6. Group-term Life Insurance (Continued)

The following presents the Total OPEB Liability of the Town, as well as what the Town's Total OPEB Liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.31 percent) or 1-percentage-point higher (4.31%) than the current discount rate.

	1% Decrease (2.31%)	Current Discount Rate (3.31%)	1% Increase (4.31%)
Total OPEB Liability	$ 105,395	$ 88,056	$ 74,724

Deferred (Inflows)/Outflows of Resources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ -	$ -
Changes in assumptions and other inputs	5,526	-
Contributions made subsequent to measurement date	4,478	-
Total	$ 10,004	$ -

Amounts reported as deferred outflows of resources and deferred inflow of resources related to OPEB will be recognized in OPEB expense as follows:

	Net Deferred Outflows (Inflows) of Resources
2018	$ 1,139
2019	1,139
2020	1,139
2021	1,139
2022	970
Thereafter	-
Total	$ 5,526

L. HEALTH CARE COVERAGE

During the year ended September 30, 2018, employees of the Town were covered by a health insurance plan with Texas Municipal League Intergovernmental Employee Benefit Pool ("TMLIEBP"). The Town contributed $481 per month. Of this monthly amount, $66.20 was credited to a Health Reimbursement Account ("HRA") for each employee. The monthly premium also included $10,000 life insurance and accidental death and dismemberment ("AD&D") protection for each employee. The Town paid 100% of monthly premiums for full-time employees. The Town did not pay for dependent coverage; however, it was available to employees at their option and was paid through payroll deductions.

M. INSURANCE COVERAGE

In accordance with state statute, the Town was protected against unanticipated catastrophic individual or aggregate loss by stop-loss coverage carried through Texas Municipal League, a commercial insurer licensed and eligible to do business in Texas, in accordance with the Texas Insurance Code. Stop-loss coverage was in effect for individual claims exceeding $125,000 and for aggregate loss. According to the latest actuarial opinion, dated October 1, 2015, the unfunded claim benefit obligation included no reported claims that were unpaid and no estimated claims incurred, but not reported.

N. RISK MANAGEMENT

The Town is exposed to various risks of loss related to torts, theft, damage or destruction of assets, errors and omissions, injuries to employees, and natural disasters. The Town had general liability coverage at a cost that is considered to be economically justifiable by joining together with other governmental entities in the State as a member of the Texas Municipal League Intergovernmental Risk Pool ("TML"). TML is a self-funded pool operating as a common risk management and insurance program. The Town pays an annual premium to TML for its insurance coverage. The agreement for the formation of TML provides that TML will be self-sustaining through member premiums and will reinsure through commercial companies for claims in excess of acceptable risk levels; however, each category has its own level of reinsurance. The Town continues to carry commercial insurance for other risks of loss. There were no significant reductions in commercial insurance coverage in the past fiscal year and settled claims resulting from these risks have not exceeded coverage in any of the past three fiscal years.

O. LITIGATION

The Town is a party to various legal proceedings arising in the ordinary course of its operations. Management believes that the Town has adequate legal defenses and/or insurance coverage respecting each of these actions.

P. ADDITIONAL WATER AND SEWER INFORMATION

The following information is included at the request of the Texas Water Development Board for the year under audit.

Water Accountability Report:

Gallons Purchased	697,317,440
Gallons Billed	584,986,736

The Town secures its water supply and sewer services from the North Texas Municipal Water District ("District"), a district authorized by the Texas Constitution, Article XVI, Section 59, created by the Texas Legislature, Article 8280-141; and authorized to act by the confirming vote of the majority of the qualified voters in each of the cities comprising the District. The District has police, taxation, and eminent domain power and is authorized to issue revenue and/or tax bonds upon approval by the Attorney General of the State of Texas and functions as a political subdivision of the State of Texas independent of the Town. The District is governed by a 17-member board ("Board"). The Board has full power and discretion to establish its budget and to set the rates for the services it provides by contract with its member cities and customers. The Board is empowered by statute and contract, or otherwise permitted by law, to discontinue a facility or service in order to prevent an abuse or to enforce payment of an unpaid charge, fee or rental due to the District. Because of these factors, the District is not included in the Town's basic financial statements.

The Town purchases its water from the North Texas Municipal Water District ("NTMWD"). Each year, NTMWD calculates the cost of water based upon the previous year's usage. The Town currently pays $2.58 per thousand gallons for water with the total cost for this current fiscal year being $1,799,079.

Q. PRIOR PERIOD ADJUSTMENT

Prior period adjustments totaling $72,216 were required during the 2018 fiscal year to establish the opening Postemployment Benefits other than Pensions (OPEB), liability as required with the implementation of GASB Statement No. 75, "Accounting and Financial Reporting for Postemployment Benefits other than Pensions".

R. TRANSFERS

Transfers between funds during the fiscal year were as follows:

Funds	Transfers Out	Transfers In	Total
General Fund	$ 2,718,957	$ (281,367)	$ 2,437,590
Other Governmental Funds	1,160,863	(2,962,177)	(1,801,314)
Water and Sewer Funds	4,494,655	(5,130,931)	(636,276)
Total Major Funds	$ 8,374,475	$ (8,374,475)	$ -

Transfers are used to 1) transfer debt service payments and 2) fund general administrative operations.

S. RELATED PARTY TRANSACTIONS

The Town's Finance Director is married to the owner of Digital Security Systems, a company which services th esecurity system of the Town. During the year ended September 30, 2018, the Town incurred $1,537 with Digital Security Systems. No amounts were outstanding as of September 30, 2018.

T. SUBSEQUENT EVENTS

The Town has evaluated all events and transactions that occurred after September 30, 2018 up through March 25, 2019, the date the financial statements were available to be issued. During this time, management is not aware of any events requiring financial statement disclosure other than those mentioned within the report.

U. SUNNYVALE 4A DEVELOPMENT CORPORATION

The 4A Economic Development Corporation ("4A") is financed with a voter approved 12.5% of sales tax collections to aid, promote and further the economic development within the Town. Under a contract between 4A and the Town, the Town provides financial services for 4A.

1. Stewardship, Compliance and Contractual Provisions

   a. Finance-related Legal and Contractual Provisions

In accordance with GASB Statement No. 38, "Certain Financial Statement Note Disclosures", violations of finance-related legal and contractual provisions, if any, are reported below, along with actions taken to address such violations.

Violation	Action Taken
N/A	N/A

   b. Deficit Fund Balance of Fund Net Position of Individual Funds

Following are funds having deficit fund balances or fund net position at fiscal year-end if any, along with remarks which address such deficits:

Violation	Action Taken
N/A	N/A

2. Deposits and Investments

Cash Deposits
At September 30, 2018, the carrying amount of 4A's deposits (cash, certificates of deposit, and interest-bearing savings accounts included in temporary investments) was $2,260,885 and the bank balance was $2,263,385. 4A's cash deposits at September 30, 2018 and during the year ended September 30, 2018 were entirely covered by FDIC and pledged collateral held by 4A's agent bank in 4A's name.

Cash and investments as of September 30, 2018 consist of and are classified in the accompanying financial statements as follows:

Statement of net position:

4A Development Corporation	
Cash and Cash Equivalents	$ 2,260,885

Investments
The Public Funds Investment Act ("Act") requires an annual audit of investment practices. Audit procedures conducted as a part of the audit of the general purpose financial statements found that 4A Development Corporation's investment practices, management reports, and establishment policies adhered to the requirements of the Act.

3. Receivables

Accounts receivable at the end of the fiscal year is due from the Town in the amount of $81,964 for collection of sales tax revenues. No allowance for uncollectible is calculated since there is minimal chance that the entire amount will not be collected.

U. SUNNYVALE 4A DEVELOPMENT CORPORATION (continued)

4. Capital Assets

Capital asset activity for the period ended September 30, 2018 was as follows:

	Beginning Balances	Transfers	Additions	Decreases	Ending Balances
4A Component Unit					
Capital assets, being depreciated:					
Machinery & Equipment	$ 8,578	$ -	$ -	$ -	$ 8,578
Total capital assets being depreciated	8,578	-	-	-	8,578
Less accumulated depreciation for:					
Machinery & Equipment	(8,434)	-	(144)	-	(8,578)
Total accumulated depreciation	(8,434)	-	(144)	-	(8,578)
Total capital assets, being depreciated, net	144	-	(144)	-	-
4Al component unit capital assets, net	**$ 144**	**$ -**	**$ (144)**	**$ -**	**$ -**

Depreciation expense was charged to functions/programs of the component unit as follows:

4A Community Service	$ 144

5. Long-term Obligations

The Sunnyvale 4A Development Corporation agreed to pay a portion of the Town's 2013 Refunding Bond by remitting to the Town from the receipts of local sales and use taxes received by 4A to pay a portion of the principal and interest on the bonds. 4A remitted $49,927 to the Town during fiscal year 2017. The outstanding amount owed to the Town as of September 30, 2018 totaled $435,649. Note payable requirements are as follows:

	Beginning Balance	Issued	Decrease	Ending Balance	Due Within One Year
Governmental Activities					
Note payable - Town	$ 435,649	$ -	$ (52,910)	$ 382,739	$ -
Total note payable	435,649	-	(52,910)	382,739	-
Net pension liability	16,801	-	(6,901)	9,900	-
Net OPEB liability	-	1,761	-	1,761	
Compensated absence	-	-	-	-	-
Total	$ 452,450	$ 1,761	$ (59,811)	$ 394,400	$ -

Debt service requirements are as follows:

Year ending Sept 30	Payment
2019	34,998
2020	35,164
2021	36,238
2022	37,254
2023-2028	239,085
	$ 382,739

Compensated absences represent the estimated liability for employees' accrued paid time off for which employees are entitled to be paid upon termination. Also, 4A employees were provided the same pension benefits through TMRS as the Town employees. See Note J for detailed disclosures of the pension plan and net pension liability.

U. SUNNYVALE 4A DEVELOPMENT CORPORATION (continued)

6. Compensated Absences

Compensated absences represent the estimated liability for employees' accrued paid time off for which employees are entitled to be paid upon termination. The detail of 4A's liability for compensated absences as of September 30, 2018 is as follows:

	Amounts Outstanding September 30 2017	Issued	Retired	Amounts Outstanding September 30 2018	Due Within One Year
Compensated absences	$ -	$ -	$ -	$ -	$ -

7. Net Pension Liability

4A employees were provided the same pension benefits through the TMRS as the Town employees. See Note J for detailed disclosures of the pension plan and net pension liability.

	Amounts Outstanding September 30 2017	Increase/ (Decrease)	Amounts Outstanding September 30 2018
Net pension liability	$ 16,801	$ (6,901)	$ 9,900

8. Subsequent Events

4A has evaluated all events and transactions that occurred after September 30, 2018 up through March 25, 2019, the date the financial statements were available to be issued. During this time, management is not aware of any events requiring financial statement disclosure other than those mentioned above.

V. SUNNYVALE 4B DEVELOPMENT CORPORATION

The 4B Development Corporation ("4B") is financed with a voter approved one half of one percent sales tax to promote and retain business development within the Town through enhancements and expansions of the local economy. Under a contract between 4B and the Town, the Town provides financial services for 4B.

1. Stewardship, Compliance and Contractual Provisions

a. Finance-related Legal and Contractual Provisions

In accordance with GASB Statement No. 38, "Certain Financial Statement Note Disclosures", violations of finance-related legal and contractual provisions, if any, are reported below, along with actions taken to address such violations.

Violation	Action Taken
N/A	N/A

b. Deficit Fund Balance of Fund Net Position of Individual Funds

Following are funds having deficit fund balances or deficit fund net position at fiscal year-end, if any along with remarks which address such deficits:

Violation	Action Taken
N/A	N/A

2. Deposits and Investments

Cash Deposits
At September 30, 2018, the carrying amount of the 4B Development Corporation's ("4B") deposits (cash, certificates of deposit and interest-bearing savings accounts included in temporary investments) was $2,708,579 and the bank balance was $2,716,664. 4B's cash deposits at September 30, 2018 and during the year ended September 30, 2018 were entirely covered by FDIC and pledged collateral held by 4B's agent bank in 4B's name.

V. SUNNYVALE 4B DEVELOPMENT CORPORATION

2. Deposits and Investments (continued)

Cash and investments as of September 30, 2018 consist of and are classified in the accompanying financial statements as follows:

Statement of net position:	
4B Development Corporation	
Cash and cash equivalents	$ 2,708,579
Total	$ 2,708,579

Investments
The Public Funds Investment Act ("Act") requires an annual audit of investment practices. Audit procedures in this area conducted as a part of the audit of the general purpose financial statements disclosed that in the areas of investment practices, management reports, and establishment of appropriate policies, the 4B adhered to the requirements of the Act.

3. Receivables

Accounts receivable at the end of the fiscal year is due from the Town in the amount of $353,917 for collection of sales tax revenues. No allowance for uncollectible is calculated since there is minimal chance that the entire amount will not be collected.

4. Capital Assets

Capital asset activity for the period ended September 30, 2018 was as follows:

	Beginning Balances	Transfers	Additions	Decreases	Ending Balances
4B Component Unit					
Capital assets, not being depreciated:					
Land	$ 1,375,000	$ -	$ -	$ (1,375,000)	$ -
Total capital assets not being depreciated	1,375,000	-	-	(1,375,000)	-

5. Compensated Absences

Compensated absences represent the estimated liability for employees' accrued paid time off for which employees are entitled to be paid upon termination. The detail of 4B's liability for compensated absences as of September 30, 2018 is as follows:

	Amounts Outstanding September 30 2017	Issued	Retired	Amounts Outstanding September 30 2018	Due Within One Year
Compensated absences	$ 3,971	$ -	$ -	$ 3,971	$ -

6. Net Pension Liability

4B employees were provided the same pension benefits through the TMRS as the Town employees. See Note J for detailed disclosures of the pension plan and net pension liability.

	Amounts Outstanding September 30 2017	Increase/ (Decrease)	Amounts Outstanding September 30 2018
Net pension liability	$ 41,634	$ (31,734)	$ 9,900

7. Subsequent Events

4B has evaluated all events and transactions that occurred after September 30, 2018 up through March 25, 2019, the date the financial statements were available to be issued. During this time, management is not aware of any events requiring financial statement disclosure other than those mentioned above.

F. CAPITAL ASSETS

Capital asset activity for the period ended September 30, 2018 was as follows:

	Beginning Balances	Transfers	Additions	Decreases	Ending Balances
Governmental Activities					
Capital assets, not being depreciated					
Land	$ 1,419,679	$ -	$ -	$ -	$ 1,419,679
Construction in Progress	-	30,758	-	-	30,758
Total capital assets, not being depreciated	1,419,679	30,758	-	-	1,450,437
Capital assets, being depreciated:					
Buildings & Improvements	5,395,244	-	-	-	5,395,244
Machinery & Equipment	3,955,595	-	250,142	-	4,205,737
Infrastructure	9,245,106	-	3,231,953	-	12,477,059
Total capital assets being depreciated	18,595,945	-	3,482,095	-	22,078,040
Less accumulated depreciation for:					
Buildings & Improvements	(1,484,498)	-	(134,826)	-	(1,619,324)
Machinery & Equipment	(2,636,268)	-	(293,652)	-	(2,929,920)
Infrastructure	(1,984,208)	-	(241,983)	-	(2,226,191)
Total accumulated depreciation	(6,104,974)	-	(670,461)	-	(6,775,435)
Total capital assets, being depreciated, net	12,490,971	-	2,811,634	-	15,302,605
Governmental activities capital assets, net	**$ 13,910,650**	**$ 30,758**	**$ 2,811,634**	**$ -**	**$ 16,753,042**

	Beginning Balances	Transfers	Additions	Decreases	Ending Balances
Business-type Activities					
Capital assets, not being depreciated:					
Land	$ 127,225	$ -	$ -	$ -	$ 127,225
Construction in Progress	3,746,068	-	-	(3,746,068)	-
Total capital assets, not being depreciated	3,873,293	-	-	(3,746,068)	127,225
Capital assets, being depreciated:					
Buildings	1,959,800	-	4,707,618	-	6,667,418
Machinery & Equipment	798,274	-	82,784	-	881,058
Infrastructure	21,189,101	-	6,375,710	-	27,564,811
Total capital assets being depreciated	23,947,175	-	11,166,112	-	35,113,287
Less accumulated depreciation for:					
Buildings	(931,282)	-	(116,244)	-	(1,047,526)
Machinery & Equipment	(386,912)	-	(45,640)	-	(432,552)
Infrastructure	(4,725,579)	-	(497,346)	-	(5,222,925)
Total accumulated depreciation	(6,043,773)	-	(659,230)	-	(6,703,003)
Total capital assets, being depreciated, net	17,903,402	-	10,506,882	-	28,410,284
Business-type activities capital assets, net	**$ 21,776,695**	**$ -**	**$ 10,506,882**	**$ (3,746,068)**	**$ 28,537,509**

F. CAPITAL ASSETS (continued)

Depreciation expense was charged to functions/programs of the primary government as follows:

Governmental activities:	
General Government	$ 183,259
Public Safety	154,682
Public Works	210,057
Community Service	24,799
Parks & Recreation	97,664
Total depreciation expense - governmental activities	$ 670,461
Business-type activities:	
Utility	$ 659,230
Total depreciation expense - business-type activities	$ 659,230

G. CONSTRUCTION COMMITMENTS

As of September 31, 2018, the Town had one open construction project for enhancements to Collins Road Infrastructure.

H. IMPAIRED CAPITAL ASSETS

The Town of Sunnyvale and management did not take note of any significantly impaired capital assets that are idle at the end of the fiscal year of 2018.

I. LONG-TERM OBLIGATIONS

A summary of long-term debt transactions, including the current portion, for the year ended September 30, 2018, is as follows:

	Beginning Balance	Issued	Decrease	Ending Balance	Due Within One Year
Governmental Activities					
Refunding bonds	$ 2,650,000	$ -	$ (470,000)	$ 2,180,000	$ 175,000
Certificates of obligation	4,045,000	-	-	4,045,000	120,000
Tax Note	495,000	-	(120,000)	375,000	125,000
Plus: Issuance premiums	525,708	-	(34,332)	491,376	(34,332)
Minus: Issuance discounts	(32,207)	-	1,617	(30,590)	1,617
Total bonds payable	7,683,501	-	(622,715)	7,060,786	387,285
BOK Finance	402,288	-	(91,804)	310,484	93,468
Total lease payable	402,288	-	(91,804)	310,484	93,468
Net pension liability	630,094	-	(190,054)	440,040	-
Net OPEB liability	-	67,798	-	67,798	-
Compensated absences	124,865	137,352	(137,352)	124,865	-
Governmental activity Long-term liabilities	$ 8,840,748	$ 205,150	$ (1,041,925)	$ 8,003,973	$ 480,753

I. LONG-TERM OBLIGATIONS (continued)

	Beginning Balance	Issued	Decrease	Ending Balance	Due Within One Year
Business-type Activities					
Water & Sewer					
Refunding bonds	$ 1,820,000	$ -	$ (145,000)	$ 1,675,000	$ 145,000
Certificates of obligation	2,360,000	-	(130,000)	2,230,000	135,000
Plus: Issuance premiums	147,756	-	(13,224)	134,532	(13,223)
Total Bonds Payable	4,327,756	-	(288,224)	4,039,532	266,777
Notes payable	132,031	-	(12,006)	120,025	12,004
Minus: Issuance discounts	(39,279)		3,570	(35,709)	3,570
Total Notes Payable	92,752	-	(8,436)	84,316	15,574
Net pension liability	145,065	-	(39,511)	105,554	-
Net OPEB liability	-	16,735	-	16,735	-
Compensated absences	23,058	25,364	(25,364)	23,058	11,529
Business-type activity Long-term liabilities	$ 4,588,631	$ 42,099	$ (361,535)	$ 4,269,195	$ 293,880

General obligation bonds

The general obligation bonds are backed by the full faith and credit of the Town and are payable from property taxes.

Refunding bonds and certificates of obligation

The refunding bonds and certificates of obligation are payable from the net revenues of the Utility Fund and from property taxes received by the Town.

Compensated Absences

Compensated absences represent the estimated liability for employees' accrued vacation leave for which employees are entitled to be paid upon termination. The retirement of this liability is typically paid from the General or Proprietary Fund, based on the assignment of an employee at date of termination.

Changes in Governmental Long-term Debt

Description	Interest Rate Payable	Amounts Original Issue	Amounts Outstanding September 30 2017	Issued	Retired	Amounts Outstanding September 30 2018	Due Within One Year
2013 GO Refunding	2.50%	$ 4,295,000	$ 2,650,000	$ -	$ (470,000)	$ 2,180,000	$ 175,000
2017 Certificate of Oblig.	3.00%	4,045,000	4,045,000	-	-	4,045,000	120,000
2014 Tax Note	1.62%	785,000	495,000	-	(120,000)	375,000	125,000
Total Bonds Payable		9,125,000	7,190,000	-	(590,000)	6,600,000	420,000
Capital Lease- BOK	1.81%	591,554	402,288	-	(91,804)	310,484	93,468
Total Capital Lease Payable		591,554	402,288	-	(91,804)	310,484	93,468
Net Pension Liability			630,094	-	(190,054)	440,040	-
Net OPEB Liability			-	67,798	-	67,798	
Compensated absences			124,865	137,352	(137,352)	124,865	-
Totals		$ 9,716,554	$ 8,347,247	$ 205,150	$ (1,009,210)	$ 7,543,187	$ 513,468

Debt service requirements are as follows:

Year Ending September 30:	Principal	Interest	Total Requirements
2019	420,000	206,813	626,813
2020	430,000	197,038	627,038
2021	440,000	187,975	627,975
2022	385,000	178,075	563,075
2023-2027	2,100,000	712,625	2,812,625
2028-2032	1,410,000	406,075	1,816,075
2033-2037	1,415,000	146,100	1,561,100
Totals	$ 6,600,000	$ 2,034,701	$ 8,634,701

I. LONG-TERM OBLIGATIONS

Changes in Governmental Long-term Debt (continued)

A brief discussion of each bond issuance as follows:

$4,295,000 - Series 2013 Refunding General Obligation Bonds issued in April 2013 to refund a portion of the Town's outstanding debt. The Bonds mature in September 2028.

$785,000 - 2014 Tax Note issued in November 2014 for the purpose of purchasing land and a building for law enforcement facilities. The Note matures in February 2021.

$4,045,000 - 2017 Certificate of Obligation issued in April 2017 for the purpose of construction of street improvements to Collins Road. The Certificates mature at various dates through September 2037.

Capital Lease

The Town entered into a capital lease agreement for a 2016 Ford F-350 Ambulance in the amount of $176,125 on December 29, 2015 and a 2016 Spartan Pumper in the amount of $415,429 on February 16, 2016. The lease will be repaid over a seven year period at an interest rate of 1.81%. The future minimum lease obligation and the net present value of these minimum lease payments as of September 30, 2018 were as follows:

Year Ending September 30:	Total Requirements
2019	99,097
2020	99,097
2021	62,588
2022	62,588
Totals	$ 323,370

Changes in Business-type Long-term Debt

Description	Interest Rate Payable	Amounts Original Issue	Amounts Outstanding September 30 2017	Issued	Retired	Amounts Outstanding September 30 2018	Due Within One Year
2011 CO	3.00%	3,035,000	2,360,000	-	(130,000)	2,230,000	135
2013 GO Refunding	2.50%	2,370,000	1,820,000	-	(145,000)	1,675,000	145,000
Total Bonds Payable		5,405,000	4,180,000	-	(275,000)	3,905,000	145,135
Infrastructure Repayment		192,062	132,031	-	(12,006)	120,025	12,004
Net Pension Liability		-	145,065	-	(39,511)	105,554	-
Net OPEB Liability		-	-	16,735	-	16,735	-
Compensated Absences		-	23,058	25,364	(25,364)	23,058	11,529
Totals		$ 5,597,062	$ 4,480,154	$ 42,099	$ (351,881)	$ 4,170,372	$ 168,668

Debt service requirements are as follows:

Year Ending September 30:	Principal	Interest	Total Requirements
2019	280,000	134,800	414,800
2020	290,000	124,875	414,875
2021	300,000	114,600	414,600
2022	310,000	103,975	413,975
2023-2027	1,725,000	350,263	2,075,263
2028-2031	1,000,000	58,919	1,058,919
Totals	$ 3,905,000	$ 887,432	$ 4,792,432

I. LONG-TERM OBLIGATIONS

Changes in Business-type Long-term Debt (continued)

A brief discussion of each bond issuance as follows:

$1,090,000 Series 2010 Refunding General Obligation Bonds issued in March 2010 to refund a portion of the Town's outstanding debt. The Bonds matured in 2017 and were repaid in their entirety.

$3,035,000 Series 2011 Combination Tax and Revenue Certificates of Obligation bonds issued for constructing, acquiring, purchasing, renovating, enlarging, equipping and improving water system properties and facilities, including the acquisition of land and right-of-ways therefore, and professional services rendered in connection therewith. The Certificates mature at various dates through February 2021.

$2,370,000 Series 2013 Refunding General Obligation Bonds issued in April 2013 to refund a portion of the Town's outstanding debt. The Bonds mature in September 2028.

Note Payable

In fiscal year 2007, the Town executed an infrastructure repayment agreement with the Texas Department of Agriculture's Rural Economic Development Division. Under the terms of the agreement, the Town agreed to repay program income to the Texas Department of Agriculture in an amount up to $192,100. The note is noninterest bearing. However, to reflect the time value of money, the liability recorded in the financial statements reflects future payments discounted at an imputed interest rate of 5.00%. Payments will be made in no more than two hundred and forty equal monthly installments beginning the first (1st) day of the third (3rd) month following the completion date or occupancy by the beneficiary, whichever comes first. The amount of funds to be repaid as of September 30, 2018 totals $144,035. The amount due within one year totals $12,004.

Future note payments are as follows:

Year Ending September 30:	Minimum Obligation
2019	12,004
2020	12,004
2021	12,004
2022	12,004
2023-2028	72,012
Total minimum note payments	$ 120,028
Less: amount representing interest	(35,709)
Present value of note payments	$ 84,319

J. OPERATING LEASES

The Town leases copiers from DeLange to provide equipment for the printing, copying, faxing, and scanning needs of the Town during daily operation. The total cost for the copier leases was $31,940 for the year ended September 30, 2018. The Town also leases a postage machine from Pitney Bowes. The total cost for the postage machine lease was $2,928 for the year ended September 30, 2018. The future minimum payments for these leases are as follows:

Year Ending September 30	Pitney Bowes	DeLange	Total
2019	2,928	31,308	34,236
2020	2,928	31,308	34,236
2021	1,464	2,609	4,073
Total	$ 2,928	$ 31,308	$ 34,236

K. PENSION PLAN

For the purpose of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of TMRS and additions/ deductions from TMRS's fiduciary net position have been determined on the same basis as they are reported by the Plan. For this purpose, plan contributions are recognized in the period that compensation is reported for the employee, which is when contributions are legally due. Benefit payments and refunds are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

1. Plan Description

The Town provides pension benefits for all its eligible employees through a non-traditional, joint contributory, hybrid defined benefit plan administered by the Texas Municipal Retirement System ("TMRS"). TMRS is an agency created by the State of Texas and administered in accordance with the TMRS Act, Subtitle G, Title 8, Texas Government Code ("TMRS Act") as an agent multiple-employer retirement system for municipal employees in the State of Texas. The TMRS Act places the general administration and management of the System with a six-member Board of Trustees. Although the Governor, with the advice and consent of the Senate, appoints the Board, TMRS is not fiscally dependent on the State of Texas. TMRS's defined benefit pension plan is a tax-qualified plan under Section 401(a) of the Internal Revenue Code. TMRS issues a publicly available comprehensive annual financial report ("CAFR") that can be obtained at www.tmrs.com.

All eligible employees of the Town are required to participate in TMRS.

2. Benefits Provided

TMRS provides retirement, disability, and death benefits. Benefits provisions are adopted by the Town Council, within the options available in the statutes governing TMRS.

At retirement, the benefit is calculated as if the sum of the employee's contributions, with interest, and the town-financed monetary credits with interest were used to purchase an annuity. Members may choose to receive their retirement benefit in one of seven payment options. Members may also choose to receive a portion of their benefit as a Partial Lump Sum Distribution in an amount equal to 12, 24, or 36 monthly payments, which cannot exceed 75% of the member's deposits and interest.

Employees covered by benefit terms:
At the December 31, 2017 valuation and measurement date, the following employees were covered by the benefit terms:

	Plan Year	
	2017	2016
Inactive employees or beneficiaries currently receiving benefits	16	15
Inactive employees entitled to but not yet receiving benefits	33	31
Active employees	39	36
	88	82

K. PENSION PLAN (continued)

3. Contributions

The contribution rates for employees in TMRS are either 5%, 6%, or 7% of employee gross earnings, and the Town matching percentages are either 100%, 150%, or 200%, both as adopted by the Town Council. Under the state law governing TMRS, the contribution rate for each town is determined annually by the actuary, using the Entry Age Normal ("EAN") actuarial cost method. The actuarially determined rate is the estimated amount necessary to finance the cost of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability.

Employees for the Town were required to contribute 6.00% of their annual gross earnings during the fiscal year. Contribution rates for the Town were 12.13% and 12.19% in calendar years 2017 and 2016, respectively. The Town's contributions to TMRS for the fiscal year ended September 30, 2018 were $272,132.

4. Net Pension Liability

The Town's Net Pension Liability ("NPL") was measured as of December 31, 2017, and the Total Pension Liability ("TPL") used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date.

Actuarial assumptions:
The Total Pension Liability in the December 31, 2017 actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.5% per year
Overall payroll growth	3.0%, per year
Investment Rate of Return	6.75%, net of pension plan investment expense, including inflation

Salary increases were based on a service-related table. Mortality rates for active members, retirees, and beneficiaries were based on the gender-distinct RP2000 Combined Healthy Mortality Table, with male rates multiplied by 109% and female rates multiplied by 103%. Based on the size of the Town, rates are multiplied by a factor of 100%. The rates are projected on a fully generational basis by scale BB to account for future mortality improvements. For disabled annuitants, the gender-distinct RP2000 Combined Healthy Mortality Tables with Blue Collar Adjustments are used with males rates multiplied by 109% and female rates multiplied by 103% with a 3-year set-forward for both males and females. In addition, a 3% minimum mortality rate is applied to reflect the impairment for younger members who become disabled. The rates are projected on a fully generational basis by scale BB to account for future mortality improvements subject to the 3% floor.

Actuarial assumptions used in the December 31, 2017 valuations were based on the results of actuarial experience studies. The experience study in TMRS was for the period December 31, 2010 through December 31, 2014. Healthy post-retirement mortality rates and annuity purchase rates were updated based on a Mortality Experience Investigation Study covering 2009 through 2011, and dated December 31, 2013. These assumptions were first used in the December 31, 2013 valuation, along with a change to the Entry Age Normal (EAN) actuarial cost method. Assumptions are reviewed annually. No additional changes were made for the 2017 valuation. After the Asset Allocation Study analysis and experience investigation study, the Board amended the long-term expected rate of return on pension plan investments from 7% to 6.75%. Plan assets are managed on a total return basis with an emphasis on both capital appreciation as well as the production of income, in order to satisfy the short-term and long-term funding need of TMRS.

The long-term expected rate of return on pension plan investment is 6.75%. The pension plan's policy in regard to the allocation of invested assets is established and may be amended by the TMRS Board of Trustees. Plan assets are managed on a total return basis with an emphasis on both capital appreciation as well as the production of income, in order to satisfy the short-term and long-term funding needs of TMRS.

K. PENSION PLAN

4. Net Pension Liability (continued)

Discount Rate

The discount rate used to measure the Total Pension Liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that employee and employer contributions were made at the rates specified in statute. Based on that assumption, the pension plan's Fiduciary Net Position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the Total Pension Liability.

Changes in Net Pension Liability/(Asset):

	Increases (Decreases)		
	Total Pension Liability (a)	Fiduciary Net Position (b)	Net Pension Liability/(Asset) (a) - (b)
Balances as of December 31, 2016	$ 5,148,040	$ 4,310,832	$ 837,208
Changes for the year:			
Service cost	321,161		321,161
Interest (on the Total Pension Liability)	351,770		351,770
Changes of benefit terms	-		-
Difference between expected and actual experience	15,749		15,749
Changes in assumptions	-		-
Benefit payments, including refunds of employee contributions	(194,424)		(194,424)
Contributions - employer		244,031	(244,031)
Contributions - employee		122,425	(122,425)
Net investment income		597,290	(597,290)
Benefit payments, including refunds of employee contributions		(194,424)	194,424
Administrative expense		(3,096)	3,096
Other		(156)	156
Balances as of December 31, 2017	$ 5,642,296	$ 5,076,902	$ 565,394

K. PENSION PLAN

4. Net Pension Liability (continued)

Sensitivity of the net position liability to change in the discount rate

The following presents the net pension liability of the Town, calculated using the discount rate of 6.75%, as well as what the Town's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.75%) or 1-percentage-point higher (7.75%) than the current rate:

1% Decrease 5.75%	Current Single Rate Assumption 6.75%	1% Increase 7.75%
$ 1,474,985	$ 565,394	$ (164,086)

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's Fiduciary Net Position is available in a separately-issued TMRS financial report. That report may be obtained on the internet at www.tmrs.com.

5. Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the year ended September 30, 2018, the Town recognized pension expense of $199,056.

At September 30, 2018, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflow of Resources	Deferred Inflow of Resources
Differences between expected and actual economic experience	$ 11,549	$ 35,067
Changes in actuarial assumptions	8,371	-
Difference between projected and actual investment earnings	112,777	245,142
Contributions subsequent to the measurement date of December 31, 2017	208,928	-
	$ 341,625	$ 280,209

$183,684 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability for the fiscal year ending September 30, 2018. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Net deferred outflows (inflows) of resources: December 31	
2018	$ (18,312)
2019	(8,040)
2020	(59,899)
2021	(61,261)
2022	-
Thereafter	-
	$ (147,512)

K. PENSION PLAN

6. Group-term Life Insurance

The Town also participates in the cost sharing multiple-employer defined benefit group-term life insurance plan operated by the TMRS known as the Supplemental Death Benefits Fund ("SDBF"). The Town elected, by ordinance, to provide group-term life insurance coverage to both current and retired employees. The Town may terminate coverage under and discontinue participation in the SDBF by adopting an ordinance before November 1 of any year to be effective the following January 1.

The death benefit for active employees provides a lump-sum payment approximately equal to the employee's annual salary (calculated based on the employee's actual earnings, for the 12-month period preceding the month of death); retired employees are insured for $7,500; this coverage is an "other postemployment benefit", or OPEB.

The Town contributes to the SDBF at a contractually required rate as determined by an annual actuarial valuation. The rate is equal to the cost of providing one-year term life insurance. The funding policy for the SDBF program is to assure that adequate resources are available to meet all death benefit payments for the upcoming year; the intent is not to pre-fund retiree term life insurance during employees' entire careers.

Total OPEB Liability

The Town's total OPEB liability of $88,056 was measured as of December 31, 2017, and was determined by an actuarial valuation as of that date.

The total OPEB liability in the December 31, 2017 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.50%
Salary increases	3.50% to 10.5%, including inflation
Discount rate*	3.31%

* The discount rate was based on the Fidelity Index's "20-Year Municipal GO AA index" rate as of December 31, 2017.

Mortality rates - service retirees:

RP2000 Combined Mortality Table with Blue Collar Adjustment with male rates multiplied by 109% and female rates multiplied by 103% and projected on a fully generational basis with scale BB.

Mortality rates - disabled retirees:

RP2000 Combined Mortality Table with Blue Collar Adjustment with male rates multiplied by 109% and female rates multiplied by 103% and then 3 year set-forward for both males and females. The rates are projected on a fully generational basis with scale BB to account for future mortality improvements subject to the 3% floor.

The actuarial assumptions used in the December 31, 2017 valuation were based on the results of an actuarial experience study for the period December 31, 2010 to December 31, 2014.

Changes in the Total OPEB Liability:

Total OPEB Liability - beginning of year	$	72,217
Changes for the year:		
Service costs		7,141
Interest on Total OPEB Liability		2,849
Changes in benefit terms		-
Differences between expected and actual experience		-
Changes in assumptions or other inputs		6,665
Benefit payments		(816)
Total OPEB Liability - end of year	$	88,056

H. PENSION PLAN

6. Group-term Life Insurance (Continued)

The following presents the Total OPEB Liability of the Town, as well as what the Town's Total OPEB Liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.31 percent) or 1-percentage-point higher (4.31%) than the current discount rate.

	1% Decrease (2.31%)	Current Discount Rate (3.31%)	1% Increase (4.31%)
Total OPEB Liability	$ 105,395	$ 88,056	$ 74,724

Deferred (Inflows)/Outflows of Resources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ -	$ -
Changes in assumptions and other inputs	5,526	-
Contributions made subsequent to measurement date	4,478	-
Total	$ 10,004	$ -

Amounts reported as deferred outflows of resources and deferred inflow of resources related to OPEB will be recognized in OPEB expense as follows:

	Net Deferred Outflows (Inflows) of Resources
2018	$ 1,139
2019	1,139
2020	1,139
2021	1,139
2022	970
Thereafter	-
Total	$ 5,526

L. HEALTH CARE COVERAGE

During the year ended September 30, 2018, employees of the Town were covered by a health insurance plan with Texas Municipal League Intergovernmental Employee Benefit Pool ("TMLIEBP"). The Town contributed $481 per month. Of this monthly amount, $66.20 was credited to a Health Reimbursement Account ("HRA") for each employee. The monthly premium also included $10,000 life insurance and accidental death and dismemberment ("AD&D") protection for each employee. The Town paid 100% of monthly premiums for full-time employees. The Town did not pay for dependent coverage; however, it was available to employees at their option and was paid through payroll deductions.

M. INSURANCE COVERAGE

In accordance with state statute, the Town was protected against unanticipated catastrophic individual or aggregate loss by stop-loss coverage carried through Texas Municipal League, a commercial insurer licensed and eligible to do business in Texas, in accordance with the Texas Insurance Code. Stop-loss coverage was in effect for individual claims exceeding $125,000 and for aggregate loss. According to the latest actuarial opinion, dated October 1, 2015, the unfunded claim benefit obligation included no reported claims that were unpaid and no estimated claims incurred, but not reported.

N. RISK MANAGEMENT

The Town is exposed to various risks of loss related to torts, theft, damage or destruction of assets, errors and omissions, injuries to employees, and natural disasters. The Town had general liability coverage at a cost that is considered to be economically justifiable by joining together with other governmental entities in the State as a member of the Texas Municipal League Intergovernmental Risk Pool ("TML"). TML is a self-funded pool operating as a common risk management and insurance program. The Town pays an annual premium to TML for its insurance coverage. The agreement for the formation of TML provides that TML will be self-sustaining through member premiums and will reinsure through commercial companies for claims in excess of acceptable risk levels; however, each category has its own level of reinsurance. The Town continues to carry commercial insurance for other risks of loss. There were no significant reductions in commercial insurance coverage in the past fiscal year and settled claims resulting from these risks have not exceeded coverage in any of the past three fiscal years.

O. LITIGATION

The Town is a party to various legal proceedings arising in the ordinary course of its operations. Management believes that the Town has adequate legal defenses and/or insurance coverage respecting each of these actions.

P. ADDITIONAL WATER AND SEWER INFORMATION

The following information is included at the request of the Texas Water Development Board for the year under audit.

Water Accountability Report:

Gallons Purchased	697,317,440
Gallons Billed	584,986,736

The Town secures its water supply and sewer services from the North Texas Municipal Water District ("District"), a district authorized by the Texas Constitution, Article XVI, Section 59, created by the Texas Legislature, Article 8280-141; and authorized to act by the confirming vote of the majority of the qualified voters in each of the cities comprising the District. The District has police, taxation, and eminent domain power and is authorized to issue revenue and/or tax bonds upon approval by the Attorney General of the State of Texas and functions as a political subdivision of the State of Texas independent of the Town. The District is governed by a 17-member board ("Board"). The Board has full power and discretion to establish its budget and to set the rates for the services it provides by contract with its member cities and customers. The Board is empowered by statute and contract, or otherwise permitted by law, to discontinue a facility or service in order to prevent an abuse or to enforce payment of an unpaid charge, fee or rental due to the District. Because of these factors, the District is not included in the Town's basic financial statements.

The Town purchases its water from the North Texas Municipal Water District ("NTMWD"). Each year, NTMWD calculates the cost of water based upon the previous year's usage. The Town currently pays $2.58 per thousand gallons for water with the total cost for this current fiscal year being $1,799,079.

Q. PRIOR PERIOD ADJUSTMENT

Prior period adjustments totaling $72,216 were required during the 2018 fiscal year to establish the opening Postemployment Benefits other than Pensions (OPEB), liability as required with the implementation of GASB Statement No. 75, "Accounting and Financial Reporting for Postemployment Benefits other than Pensions".

R. TRANSFERS

Transfers between funds during the fiscal year were as follows:

Funds	Transfers Out	Transfers In	Total
General Fund	$ 2,718,957	$ (281,367)	$ 2,437,590
Other Governmental Funds	1,160,863	(2,962,177)	(1,801,314)
Water and Sewer Funds	4,494,655	(5,130,931)	(636,276)
Total Major Funds	$ 8,374,475	$ (8,374,475)	$ -

Transfers are used to 1) transfer debt service payments and 2) fund general administrative operations.

S. RELATED PARTY TRANSACTIONS

The Town's Finance Director is married to the owner of Digital Security Systems, a company which services th esecurity system of the Town. During the year ended September 30, 2018, the Town incurred $1,537 with Digital Security Systems. No amounts were outstanding as of September 30, 2018.

T. SUBSEQUENT EVENTS

The Town has evaluated all events and transactions that occurred after September 30, 2018 up through March 25, 2019, the date the financial statements were available to be issued. During this time, management is not aware of any events requiring financial statement disclosure other than those mentioned within the report.

U. SUNNYVALE 4A DEVELOPMENT CORPORATION

The 4A Economic Development Corporation ("4A") is financed with a voter approved 12.5% of sales tax collections to aid, promote and further the economic development within the Town. Under a contract between 4A and the Town, the Town provides financial services for 4A.

1. Stewardship, Compliance and Contractual Provisions

   a. Finance-related Legal and Contractual Provisions

In accordance with GASB Statement No. 38, "Certain Financial Statement Note Disclosures", violations of finance-related legal and contractual provisions, if any, are reported below, along with actions taken to address such violations.

Violation	Action Taken
N/A	N/A

   b. Deficit Fund Balance of Fund Net Position of Individual Funds

Following are funds having deficit fund balances or fund net position at fiscal year-end if any, along with remarks which address such deficits:

Violation	Action Taken
N/A	N/A

2. Deposits and Investments

Cash Deposits
At September 30, 2018, the carrying amount of 4A's deposits (cash, certificates of deposit, and interest-bearing savings accounts included in temporary investments) was $2,260,885 and the bank balance was $2,263,385. 4A's cash deposits at September 30, 2018 and during the year ended September 30, 2018 were entirely covered by FDIC and pledged collateral held by 4A's agent bank in 4A's name.

Cash and investments as of September 30, 2018 consist of and are classified in the accompanying financial statements as follows:

Statement of net position:

4A Development Corporation	
Cash and Cash Equivalents	$ 2,260,885

Investments
The Public Funds Investment Act ("Act") requires an annual audit of investment practices. Audit procedures conducted as a part of the audit of the general purpose financial statements found that 4A Development Corporation's investment practices, management reports, and establishment policies adhered to the requirements of the Act.

3. Receivables

Accounts receivable at the end of the fiscal year is due from the Town in the amount of $81,964 for collection of sales tax revenues. No allowance for uncollectible is calculated since there is minimal chance that the entire amount will not be collected.

U. SUNNYVALE 4A DEVELOPMENT CORPORATION (continued)

4. Capital Assets

Capital asset activity for the period ended September 30, 2018 was as follows:

	Beginning Balances	Transfers	Additions	Decreases	Ending Balances
4A Component Unit					
Capital assets, being depreciated:					
Machinery & Equipment	$ 8,578	$ -	$ -	$ -	$ 8,578
Total capital assets being depreciated	8,578	-	-	-	8,578
Less accumulated depreciation for:					
Machinery & Equipment	(8,434)	-	(144)	-	(8,578)
Total accumulated depreciation	(8,434)	-	(144)	-	(8,578)
Total capital assets, being depreciated, net	144	-	(144)	-	-
4AI component unit capital assets, net	**$ 144**	**$ -**	**$ (144)**	**$ -**	**$ -**

Depreciation expense was charged to functions/programs of the component unit as follows:

4A Community Service	$ 144

5. Long-term Obligations

The Sunnyvale 4A Development Corporation agreed to pay a portion of the Town's 2013 Refunding Bond by remitting to the Town from the receipts of local sales and use taxes received by 4A to pay a portion of the principal and interest on the bonds. 4A remitted $49,927 to the Town during fiscal year 2017. The outstanding amount owed to the Town as of September 30, 2018 totaled $435,649. Note payable requirements are as follows:

	Beginning Balance	Issued	Decrease	Ending Balance	Due Within One Year
Governmental Activities					
Note payable - Town	$ 435,649	$ -	$ (52,910)	$ 382,739	$ -
Total note payable	435,649	-	(52,910)	382,739	-
Net pension liability	16,801	-	(6,901)	9,900	-
Net OPEB liability	-	1,761	-	1,761	
Compensated absence	-	-	-	-	-
Total	$ 452,450	$ 1,761	$ (59,811)	$ 394,400	$ -

Debt service requirements are as follows:

Year ending Sept 30	Payment
2019	34,998
2020	35,164
2021	36,238
2022	37,254
2023-2028	239,085
	$ 382,739

Compensated absences represent the estimated liability for employees' accrued paid time off for which employees are entitled to be paid upon termination. Also, 4A employees were provided the same pension benefits through TMRS as the Town employees. See Note J for detailed disclosures of the pension plan and net pension liability.

U. SUNNYVALE 4A DEVELOPMENT CORPORATION (continued)

6. Compensated Absences

Compensated absences represent the estimated liability for employees' accrued paid time off for which employees are entitled to be paid upon termination. The detail of 4A's liability for compensated absences as of September 30, 2018 is as follows:

	Amounts Outstanding September 30 2017	Issued	Retired	Amounts Outstanding September 30 2018	Due Within One Year
Compensated absences	$ -	$ -	$ -	$ -	$ -

7. Net Pension Liability

4A employees were provided the same pension benefits through the TMRS as the Town employees. See Note J for detailed disclosures of the pension plan and net pension liability.

	Amounts Outstanding September 30 2017	Increase/ (Decrease)	Amounts Outstanding September 30 2018
Net pension liability	$ 16,801	$ (6,901)	$ 9,900

8. Subsequent Events

4A has evaluated all events and transactions that occurred after September 30, 2018 up through March 25, 2019, the date the financial statements were available to be issued. During this time, management is not aware of any events requiring financial statement disclosure other than those mentioned above.

V. SUNNYVALE 4B DEVELOPMENT CORPORATION

The 4B Development Corporation ("4B") is financed with a voter approved one half of one percent sales tax to promote and retain business development within the Town through enhancements and expansions of the local economy. Under a contract between 4B and the Town, the Town provides financial services for 4B.

1. Stewardship, Compliance and Contractual Provisions

a. Finance-related Legal and Contractual Provisions

In accordance with GASB Statement No. 38, "Certain Financial Statement Note Disclosures", violations of finance-related legal and contractual provisions, if any, are reported below, along with actions taken to address such violations.

Violation	Action Taken
N/A	N/A

b. Deficit Fund Balance of Fund Net Position of Individual Funds

Following are funds having deficit fund balances or deficit fund net position at fiscal year-end, if any along with remarks which address such deficits:

Violation	Action Taken
N/A	N/A

2. Deposits and Investments

Cash Deposits
At September 30, 2018, the carrying amount of the 4B Development Corporation's ("4B") deposits (cash, certificates of deposit and interest-bearing savings accounts included in temporary investments) was $2,708,579 and the bank balance was $2,716,664. 4B's cash deposits at September 30, 2018 and during the year ended September 30, 2018 were entirely covered by FDIC and pledged collateral held by 4B's agent bank in 4B's name.

V. SUNNYVALE 4B DEVELOPMENT CORPORATION

2. Deposits and Investments (continued)

Cash and investments as of September 30, 2018 consist of and are classified in the accompanying financial statements as follows:

Statement of net position:	
4B Development Corporation	
Cash and cash equivalents	$ 2,708,579
Total	$ 2,708,579

Investments

The Public Funds Investment Act ("Act") requires an annual audit of investment practices. Audit procedures in this area conducted as a part of the audit of the general purpose financial statements disclosed that in the areas of investment practices, management reports, and establishment of appropriate policies, the 4B adhered to the requirements of the Act.

3. Receivables

Accounts receivable at the end of the fiscal year is due from the Town in the amount of $353,917 for collection of sales tax revenues. No allowance for uncollectible is calculated since there is minimal chance that the entire amount will not be collected.

4. Capital Assets

Capital asset activity for the period ended September 30, 2018 was as follows:

	Beginning Balances	Transfers	Additions	Decreases	Ending Balances
4B Component Unit					
Capital assets, not being depreciated:					
Land	$ 1,375,000	$ -	$ -	$ (1,375,000)	$ -
Total capital assets not being depreciated	1,375,000	-	-	(1,375,000)	-

5. Compensated Absences

Compensated absences represent the estimated liability for employees' accrued paid time off for which employees are entitled to be paid upon termination. The detail of 4B's liability for compensated absences as of September 30, 2018 is as follows:

	Amounts Outstanding September 30 2017	Issued	Retired	Amounts Outstanding September 30 2018	Due Within One Year
Compensated absences	$ 3,971	$ -	$ -	$ 3,971	$ -

6. Net Pension Liability

4B employees were provided the same pension benefits through the TMRS as the Town employees. See Note J for detailed disclosures of the pension plan and net pension liability.

	Amounts Outstanding September 30 2017	Increase/ (Decrease)	Amounts Outstanding September 30 2018
Net pension liability	$ 41,634	$ (31,734)	$ 9,900

7. Subsequent Events

4B has evaluated all events and transactions that occurred after September 30, 2018 up through March 25, 2019, the date the financial statements were available to be issued. During this time, management is not aware of any events requiring financial statement disclosure other than those mentioned above.

REQUIRED SUPPLEMENTARY INFORMATION

TOWN OF SUNNYVALE, TEXAS
REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED SEPTEMBER 30, 2018

SCHEDULE OF CONTRIBUTIONS
LAST FIVE FISCAL YEARS (UNAUDITED)

	12/31/2013	12/31/2014	12/31/2015	12/31/2016	12/31/2017
Actuarially determined contribution	$ 173,488	$ 188,817	$ 206,166	$ 226,781	$ 242,197
Contributions in relation to the actuarially determined contribution	$ 173,488	$ 188,817	$ 206,166	$ 226,781	$ 242,197
Contributions deficiency (excess)	$ -	$ -	$ -	$ -	$ -
Covered employee payroll	$ 1,340,708	$ 1,406,983	$ 1,669,364	$ 1,896,161	$ 2,040,414
Contributions as a percentage of covered-employee payroll	13.42%	12.94%	12.35%	11.96%	11.87%

NOTES TO SCHEDULE OF CONTRIBUTIONS

Valuation Date:

Notes	Actuarially determined contribution rates are calculated as of December 31 and become effective in January, 13 months later

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percentage of Payroll, Closed
Remaining Amortization Period	29 years
Asset Valuation Method	10-year smoothed market; 15% soft corridor
Inflation	2.50%
Salary Increases	3.50% to 10.50% including inflation
Investment Rate of Return	6.75%
Retirement Age	Experience-based table of rates that are specific to the Town's plan of benefits. Last updated for the 2015 valuation pursuant to an experience study of the period 2010-2014
Mortality	RP2000 Combined Mortality Table with Blue Collar Adjustment with male rates multiplied by 109% and female rates multiplied by 103% and projected on a fully generational basis with scale BB

Other Information:

Notes	There were no benefit changes during the year.

Note: Years will continue to be added until there are 10 years for comparison

TOWN OF SUNNYVALE, TEXAS
REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED SEPTEMBER 30, 2018

SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS-TMRS

	12/31/2017	12/31/2016	12/31/2015	12/31/2014
Total pension liability				
Service cost	$ 321,161	$ 295,043	$ 258,084	$ 201,393
Interest (on the Total Pension Liability)	351,770	322,942	306,981	305,697
Changes of benefit terms	-	-	-	-
Difference between expected and actual experience	15,749	(15,243)	(17,673)	(288,939)
Change of assumptions	-	-	28,957	-
Benefit payments, including refunds of employee contributions	(194,424)	(183,001)	(208,896)	(247,410)
Net Change in Total Pension Liability	494,256	419,741	367,453	(29,259)
Total Pension Liability - Beginning	5,148,040	4,728,299	4,360,846	4,390,105
Total Pension Liability - Ending	$ 5,642,296	$ 5,148,040	$ 4,728,299	$ 4,360,846
Plan Fiduciary Net Position				
Contribution - employer	$ 244,031	$ 231,142	$ 213,509	$ 186,424
Contribution - employee	122,425	113,770	100,162	84,419
Net investment income	597,290	262,691	5,581	203,553
Benefit payments, including refunds of employee contributions	(194,424)	(183,001)	(208,896)	(247,410)
Administrative expense	(3,096)	(2,969)	(3,400)	(2,125)
Other	(157)	(160)	(168)	(175)
Net Change in Plan Fiduciary Net Position	766,069	421,473	106,788	224,686
Plan Fiduciary Net Position - Beginning	4,310,832	3,889,359	3,782,571	3,557,885
Plan Fiduciary Net Position - Ending	$ 5,076,901	$ 4,310,832	$ 3,889,359	$ 3,782,571
Net Pension Liability - Ending	$ 565,395	$ 837,208	$ 838,940	$ 578,275
Plan Fiduciary Net Position as a percentage of Total Pension Liability	89.98%	83.74%	82.26%	86.74%
Covered employee payroll	$ 2,040,414	$ 1,896,161	$ 1,669,364	$ 1,406,983
Net Pension Liability as a percentage of covered employee payroll	27.71%	44.15%	50.26%	41.10%

Note: Years will be added until there are 10 years of comparison

Town of Sunnyvale, Texas
SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY
AND RELATED RATIOS-TMRS
FOR THE YEAR ENDED SEPTEMBER 30, 2018

	12/31/2017
Total OPEB Liability	
Service cost	$ 7,141
Interest (on the Total OPEB liability	2,849
Changes of benefit terms	-
Difference between expected and actual experience	-
Change of assumptions	6,665
Benefit payments, including refunds of employee contributions	(816)
Net Change in Total Pension Liability	15,839
Total OPEB Liability - Beginning	72,217
Total OPEB Liability - Ending	$ 88,056
Covered employee payroll	$ 2,040,414
Total OPEB Liability as a percentage of covered employee payroll	4.32%

See accompanying notes to these financial statements for more detail.

Note: Years will continue to be added until there are 10 years for comparison

SUPPLEMENTARY INFORMATION

Roadway Impact Fund

Impact Fees are charges or assessments paid by new development in order to generate revenue for capital improvements in response to the developments' impact on services. The revenues presented are based on the expectation of 100 permit requests for the budget year.

Homestead Amenities Fund

The Homestead Amenities Fund was established in 2007 under Ordinance 464 to provide contributions in lieu of amenity construction. Currently the fund is being considered as a source of funds for the Collins Road expansion from Highway 80 to Town East Blvd and the future construction of a new fire station.

Special Revenue Funds

Revenues that are collected but are restricted and can only be spent under specific guidelines. For these funds, a fund description and fund statement are provided.

- American Heart Association
- Tree Mitigation
- Lone Star Libraries Grant Program
- Court Technology
- Court Security

Capital Projects Funds

The Capital Projects Funds account for the design and construction of the Town's facilities, roads, drainage, parks, and water and sewer systems. Unlike the operating and enterprise budgets, the capital improvements budgets do not conclude at the end of each fiscal year, as many CIP projects remain in progress over several accounting periods. The Town utilizes professional service providers to conduct detailed studies to assist in determining the short- and long-range infrastructure needs. The Town's non-major Capital Project Funds are:

- PEG Capital – to account for Public Education Grant (PEG) fees are charged to communication providers and capital costs associated with PEG facilities, as permitted by law.
- Capital Projects – to account for improvements to the Town's owned infrastructure.

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TOWN OF SUNNYVALE, TEXAS
COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2018

	Roadway Impact	Homestead Amenities	Special Revenue
ASSETS			
Cash and Investments:			
Unrestricted	$ -	$ -	$ -
Restricted	1,198,595	332,479	-
Receivables (net of allowances for uncollectible)	-	-	193,524
Total Assets	1,198,595	332,479	193,524
LIABILITIES			
Accounts Payable	-	-	-
Total Liabilities	-	-	-
FUND BALANCES			
Restricted:			
Community services	-	-	-
Municipal court	-	-	193,524
Street Maintenance	1,198,595	332,479	-
Assigned:			
Capital improvements	-	-	-
Unassigned	-	-	-
Total Fund Balances	1,198,595	332,479	193,524
Total Liabilities, Deferred Inflows of Resources and Fund Balances	$ 1,198,595	$ 332,479	$ 193,524

PEG Capital	Tax Increment	Capital Projects	Total Other Governmental Funds
$ -	$ -	$ -	$ -
68,543	-	4,325,140	5,924,757
-	-	30,757	224,281
68,543	-	4,355,897	6,149,038
-	-	-	-
-	-	-	-
68,543	-	-	68,543
-	-	-	193,524
-	-	-	1,531,074
-	-	4,355,897	4,355,897
-	-	-	-
68,543	-	4,355,897	6,149,038
$ 68,543	$ -	$ 4,355,897	$ 6,149,038

TOWN OF SUNNYVALE, TEXAS
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - NON-MAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2018

	Roadway Impact	Homestead Amenities	Special Revenue	PEG Capital
REVENUE				
Franchise	$ -	$ -	$ -	$ -
Fines and forfeitures	-	-	30,918	-
Impact fees	380,364	9,212	-	-
Miscellaneous	-	-	-	-
Grant income			13,195	
Investment income	8,383	2,462	-	502
Total Revenues	388,747	11,674	44,113	502
EXPENDITURES				
Current:				
Public safety	-	-	-	-
Public works	99,970	-	-	-
Public services and operations	-	-	21,949	-
Library	-	-	-	-
Total Expenditures	99,970	-	21,949	-
Excess (deficiency) of revenues over (under) expenditures	288,777	11,674	22,164	502
Other Revenues and Financing Sources (uses)				
Transfers In(Out)	(143,250)	-	-	-
Total Other Financing Sources (uses)	(143,250)	-	-	-
Net Change in Fund Balances	145,527	11,674	22,164	502
Fund Balances/Equity, beginning of year	1,053,067	320,805	171,360	68,041
Fund Balances/Equity, end of year	$ 1,198,594	$ 332,479	$ 193,524	$ 68,543

Tax Increment	Capital Projects	Total Other Governmental Funds
$ -	$ -	$ -
-	-	30,918
-	-	389,576
-	-	-
-	79,084	90,431
-	79,084	510,925
-	-	-
-	-	99,970
-	-	21,949
-	-	-
-	-	121,919
-	79,084	389,006
-	(917,643)	(1,060,893)
-	(917,643)	(1,060,893)
-	(838,559)	(671,887)
-	5,194,458	6,807,731
$ -	$ 4,355,899	$ 6,149,039

TOWN OF SUNNYVALE, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET (MODIFIED ACCRUAL BASIS) TO ACTUAL - DEBT SERVICE FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2018

	Budgeted Amounts			Variance with Final Budget - Positive
	Original	Final	Actual	(Negative)
REVENUE				
Property taxes	$ 686,415	$ 686,415	$ 702,784	$ 16,369
Investment Income	2,100	2,100	2,291	191
Intergovernmental - state & local	-	-	52,910	52,910
Total Revenues	688,515	688,515	757,985	69,470
EXPENDITURES				
Current:				
General Government	-	-	-	-
Debt Service				
Principal	810,197	810,197	681,804	128,393
Interest	-	-	245,412	(245,412)
Total Current Expenditures	810,197	810,197	927,216	(117,019)
Total Expenditures	810,197	810,197	927,216	(117,019)
Excess (deficiency) of revenues over (under) expenditures	(121,682)	(121,682)	(169,231)	(47,549)
Other Revenues and Financing Sources (uses)				
Bond Proceeds	-	-	-	-
Transfers	196,160	196,160	242,347	46,187
Total Other Financing Sources (uses)	196,160	196,160	242,347	46,187
Net Change in Fund Balances	74,478	74,478	73,116	(1,362)
Fund Balances/Equity, beginning of year	175,013	175,013	175,013	
Fund Balances/Equity, end of year	$ 249,491	$ 249,491	$ 248,129	

TOWN OF SUNNYVALE, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET (MODIFIED ACCRUAL BASIS) TO ACTUAL - CAPITAL PROJECTS FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2018

	Budgeted Amounts			Variance with Final Budget - Positive
	Original	Final	Actual	(Negative)
REVENUE				
Investment Income	$ -	$ -	$ 79,084	$ 79,084
Total Revenues	-	-	79,084	79,084
EXPENDITURES				
General Government	-	-	-	-
Total General Government	-	-	-	-
Total Expenditures	-	-	-	-
Excess (deficiency) of revenues over (under) expenditures	-	-	79,084	79,084
Other Revenues and Financing Sources (uses)				
Bond Proceeds	-	-	-	-
Transfers	-	196,160	(917,643)	(1,113,803)
Total Other Financing Sources (uses)	-	196,160	(917,643)	(1,113,803)
Net change in Fund Balances	-	-	(838,559)	(1,034,719)
Fund Balances/Equity, beginning of year	5,194,458	5,194,458	5,194,458	
Fund Balances/Equity, end of year	$ 5,194,458	$ 5,194,458	$ 4,355,899	

TOWN OF SUNNYVALE, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET (MODIFIED ACCRUAL BASIS) TO ACTUAL - SPECIAL REVENUE FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2018

	Budgeted Amounts			Variance with Final Budget - Positive
	Original	Final	Actual	(Negative)
REVENUE				
Fines and Forfeitures	$ 30,000	$ 30,000	$ 30,918	$ 918
Miscellaneous	-	-	13,195	$ 13,195
Total Revenues	30,000	30,000	44,113	14,113
EXPENDITURES				
Current:				
Police	-	-	-	-
Public Services and Operations	18,550	-	21,949	(21,949)
Library	-	-	-	-
Total Expenditures	18,550	-	21,949	(21,949)
Excess (deficiency) of revenues over (under) expenditures	11,450	30,000	22,164	(7,836)
Net change in Fund Balances	11,450	30,000	22,164	(7,836)
Fund Balances/Equity, beginning of year	171,360	171,360	171,360	
Fund Balances/Equity, end of year	$ 182,810	$ 201,360	$ 193,524	

TOWN OF SUNNYVALE, TEXAS
COMBINING BALANCE SHEET - COMPONENT UNITS
SEPTEMBER 30, 2018

	Sunnyvale 4A Development Corporation	Sunnyvale 4B Development Corporation	Total Component Units
ASSETS			
Cash and cash equivalents	$ 2,260,885	$ 2,708,579	$ 4,969,464
Receivables (net of allowances for uncollectible)	69,964	139,917	209,881
Restricted - cash and cash equivalents	-	-	-
Total Assets	2,330,849	2,848,496	5,179,345
LIABILITIES			
Accounts payable	391	4,140	4,531
Total Liabilities	391	4,140	4,531
FUND BALANCE			
Assigned for			
Infrastructure improvements	-	-	-
Unassigned	2,330,458	2,844,356	5,174,814
Total Fund Balance	2,330,458	2,844,356	5,174,814
Total Liabilities and Fund Balance	$ 2,330,849	$ 2,848,496	$ 5,179,345

TOWN OF SUNNYVALE, TEXAS
RECONCILIATION OF THE COMBINING BALANCE SHEET - COMPONENT UNITS
TO THE STATEMENT OF NET POSITION
SEPTEMBER 30, 2018

Total fund balance - component units	$ 5,174,814
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	8,578
Accumulated depreciation is not included in the governmental fund financial statements	(8,578)
Notes payable are not due and payable in the current period, and; therefore, are not reported in the funds.	(382,739)
Revenues that do not provide current financial resources but are recognized in the governmental activities.	18,241
Net pension liability is not due and payable in the current period, and, therefore is not reported in the fund financial statements.	(23,323)
Deferred inflow/outflow represent an acquisition of net position that is applied to future periods. The amount is unavaliable and deferred at the fund level but recognized in the governmental activities.	2,550
Compensated absences recorded as governmental liabilities in prior years were transferred to component unit in the current year. Compensated absences are not due and payable in the current period, and therefore, are not reported in the funds.	(3,971)
Net position of component units - statement of net position	$ 4,785,572

TOWN OF SUNNYVALE, TEXAS
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - COMPONENT UNITS
FOR THE YEAR ENDED SEPTEMBER 30, 2018

	Sunnyvale 4A Development Corporation	Sunnyvale 4B Development Corporation	Total Component Units
REVENUE			
Sales tax collected	$ 408,760	$ 817,520	$ 1,226,280
Contributions	895,783	836,931	1,732,714
Total Revenues	1,304,543	1,654,451	2,958,994
EXPENDITURES			
Current operating:			
Personnel services	54,448	61,268	115,716
Supplies and materials	2,138	299	2,437
Contractual services	18,786	27,153	45,939
Maintenance and repairs	-	69,925	69,925
Intergovernmental	12,000	214,000	226,000
Debt Service:			
Principal retirement	52,910	-	52,910
Capital Outlay	-	-	-
Total Expenditures	140,282	372,645	512,927
Excess (deficiency) of revenues over (under) expenditures	1,164,261	1,281,806	2,446,067
Other Revenues and Financing Sources (uses)			
Transfers	-	-	-
Investment income	9,784	8,699	18,483
Total Other Financing Sources (uses)	9,784	8,699	18,483
Net Change in Fund Balances	1,174,045	1,290,505	2,464,550
Fund Balances/Equity, October 1	1,156,413	1,553,851	2,710,264
Fund Balances/Equity, September 30	$ 2,330,458	$ 2,844,356	$ 5,174,814

TOWN OF SUNNYVALE, TEXAS
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF COMPONENT UNITS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2018

Net change in fund balances - component units	$ 2,464,550
Amounts reported for governmental activities in the statement of activities are different because:	
Depreciation is not recognized as an expense in the governmental funds since it does not require the use of current financial resources.	(144)
Current year long-term debt payments are expenditures in the fund financial statements but are shown as a reduction in long-term debt in the government-wide financial statements.	52,910
Expenses in the statement of revenues, expenditures and changes in fund balances that are not recognized as expenses in the statement of activities.	18,240
Proceeds from the sale of assets are not reported in the government-wide financial statements but are recognized as income within the fund financial statements.	(1,673,862)
Gain from the sale of assets is recognized within the government-wide financial statements but are not recognized within the fund financial statements	298,862
Changes to vacation and other compensated absence liabilities are not shown in the fund financial statements. The net effect of the current year is to increase net position.	0
Changes in net pension liability are not shown in the fund financial statements.	24,672
Change in net position of component units - statement of activities	$ 1,185,228

TOWN OF SUNNYVALE, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET TO ACTUAL - 4A DEVELOPMENT CORPORATION
FOR THE YEAR ENDED SEPTEMBER 30, 2018

	Budgeted Amounts			Variance with Final Budget - Positive
	Original	Final	Actual	(Negative)
REVENUE				
Sales tax collected	$ 353,250	$ 353,250	$ 408,760	$ 55,510
Contributions	-	-	895,783	895,783
Total Revenues	353,250	353,250	1,304,543	951,293
EXPENDITURES				
Current operating:				
Personnel services	78,540	78,540	54,448	24,092
Supplies and materials	129,000	129,000	2,138	126,862
Contractual services	57,825	57,825	18,786	39,039
Intergovernmental	-	-	12,000	(12,000)
Debt Service:				
Principal retirement	52,911	52,911	52,910	1
Total Expenditures	318,276	318,276	140,282	177,994
Excess (deficiency) of revenues over(under) expenditures	34,974	34,974	1,164,261	1,129,287
Other Revenues and Financing Sources (uses)				
Interest Income	5,070	5,070	9,784	4,714
Total Other Financing Sources (uses)	49,344	49,344	9,784	(39,560)
Net Change in Fund Balances	84,318	84,318	1,174,045	1,089,727
Fund Balances/Equity, beginning of year	1,156,413	1,156,413	1,156,413	
Fund Balances/Equity, end of year	$ 1,240,731	$ 1,240,731	$2,330,458	

TOWN OF SUNNYVALE, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET TO ACTUAL - 4B DEVELOPMENT CORPORATION
FOR THE YEAR ENDED SEPTEMBER 30, 2018

	Budgeted Amounts			Variance with Final Budget - Positive
	Original	Final	Actual	(Negative)
REVENUE				
Sales tax collected	$ 706,500	$ 706,500	$ 817,520	$ 111,020
Contributions	-	-	836,931	836,931
Total Revenues	706,500	706,500	1,654,451	947,951
EXPENDITURES				
Current operating:				
Personnel services	66,040	66,040	61,268	4,772
Supplies and materials	21,000	21,000	299	20,701
Contractual services	85,650	85,650	27,153	58,497
Maintenance and repairs	356,741	356,741	69,925	286,816
Intergovernmental	18,700	18,700	214,000	(195,300)
Capital outlay	650,000	650,000	(1)	650,001
Total Expenditures	1,198,131	1,198,131	372,644	825,487
Excess (deficiency) of revenues over(under) expenditures	(491,631)	(491,631)	1,281,807	1,773,438
Other Revenues and Financing Sources (uses)				
Interest Income	6,640	6,640	8,699	2,059
Total Other Financing Sources (uses)	(207,360)	(207,360)	8,699	216,059
Net Change in Fund Balances	(698,991)	(698,991)	1,290,506	1,989,497
Fund Balances/Equity, beginning of year	1,553,851	1,553,851	1,553,851	
Fund Balances/Equity, end of year	$ 854,860	$ 854,860	$ 2,844,357	

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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Town Council
Town of Sunnyvale
127 North Collins Road
Sunnyvale, Texas 75182

I have audited in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the Town of Sunnyvale, Texas, as of and for the year ended September 30, 2018, and the related notes to the financial statements, which collectively comprise the Town of Sunnyvale, Texas' basic financial statements, and have issued my report thereon dated March 25, 2019.

Internal Control over Financial Reporting
In planning and performing my audit of the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information for the Town of Sunnyvale, Texas as of and for the year ended September 30, 2018, in accordance with auditing standards generally accepted in the United State of America, I considered the Town of Sunnyvale's internal control over financial reporting ("internal control") as a basis for designing my auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town of Sunnyvale's internal control. Accordingly, I do not express an opinion on the effectiveness of the Town of Sunnyvale's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency or a combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

My consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during my audit I did not identify any deficiencies in internal control that I consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters
As part of obtaining reasonable assurance about whether the Town of Sunnyvale, Texas' financial statements are free from material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit, and accordingly, I do not express such an opinion. The results of my test disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards.*

Purpose of this Report
The purpose of this report is solely to describe the scope of my testing of internal control and compliance and the results of that testing, and not provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's control and compliance. Accordingly, this communication is not suitable for any other purpose.

Respectfully Submitted,

Mike Ward Accounting & Financial Consulting, PLLC
Point, Texas
March 25, 2019

STATISTICAL SECTION (UNAUDITED)

TOWN OF SUNNYVALE, TX **Table 1**
NET POSITION BY COMPONENT
LAST TEN FISCAL YEARS
(accrual basis of accounting)
(unaudited)

	FISCAL YEAR				
	2009	**2010**	**2011**	**2012**	**2013**
Governmental activities					
Net investment in capital assets	$ 3,372,667	$ 3,748,238	$ 4,496,865	$ 4,805,132	$ 4,956,375
Restricted	3,732,321	3,562,718	4,255,040	1,546,831	1,851,519
Unrestricted	1,941,907	2,283,507	2,550,808	2,645,673	2,332,178
Total governmental activities net position	9,046,895	9,594,463	11,302,713	8,997,636	9,140,072
Business-type activities					
Net investment in capital assets	7,903,466	8,101,933	7,741,287	12,482,792	8,412,549
Restricted	1,271,531	1,271,531	1,065,607	1,072,987	1,098,608
Unrestricted	(68,355)	168,312	1,035,517	(3,287,776)	1,359,897
Total business-type activities net position	9,106,642	9,541,776	9,842,411	10,268,003	10,871,054
Primary government					
Net investment in capital assets	11,276,133	11,850,171	12,238,152	17,287,924	13,368,924
Restricted	5,003,852	4,834,249	5,320,647	2,619,818	2,950,127
Unrestricted	1,873,552	2,451,819	3,586,325	(642,103)	3,692,075
Total primary government net position	$ 18,153,537	$ 19,136,239	$ 21,145,124	$ 19,265,639	$ 20,011,126

	FISCAL YEAR				
	2014	**2015**	**2016**	**2017**	**2018**
Governmental activities					
Net investment in capital assets	$ 5,533,170	$ 9,192,257	$ 10,259,140	$ 11,019,317	$ 13,645,563
Restricted	1,237,407	1,480,724	1,879,936	2,109,210	2,142,961
Unrestricted	5,072,122	5,063,645	5,125,907	4,924,743	5,496,564
Total governmental activities net position	11,842,699	15,736,626	17,264,983	18,053,270	21,285,088
Business-type activities					
Net investment in capital assets	8,638,647	14,404,813	14,409,109	17,832,746	24,413,662
Restricted	1,793,193	1,744,554	2,714,408	2,023,749	2,152,935
Unrestricted	1,090,014	520,468	1,048,812	1,639,134	2,610,035
Total business-type activities net position	11,521,854	16,669,835	18,172,329	21,495,629	29,176,632
Primary government					
Net investment in capital assets	14,171,817	23,597,070	24,668,249	28,852,063	38,059,225
Restricted	3,030,600	3,225,278	4,594,344	4,132,959	4,295,896
Unrestricted	6,162,136	5,584,113	6,174,719	6,563,877	8,106,599
Total primary government net position	$ 23,364,553	$ 32,406,461	$ 35,437,312	$ 39,548,899	$ 50,461,720

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TOWN OF SUNNYVALE, TX
CHANGES IN NET POSITION
LAST TEN FISCAL YEARS
(accrual basis of accounting)
(unaudited)

	FISCAL YEAR				
	2009	**2010**	**2011**	**2012**	**2013**
EXPENSES					
Governmental activities:					
General government	$ 1,305,921	$ 1,436,272	$ 1,594,165	$ 1,626,724	$ 1,458,993
Public Safety	1,883,403	1,920,850	1,967,396	1,954,257	1,900,606
Public Services and Operations	1,460,763	1,348,711	1,399,123	1,048,309	1,979,301
Public Works	-	-	-	-	-
Parks and Recreation	594,466	935,833	460,552	510,051	305,228
Library	-	-	-	-	-
Interest on long-term debt	230,136	225,028	213,247	203,199	228,506
Total governmental activities expenses	5,474,689	5,866,694	5,634,483	5,342,540	5,872,634
Business-type activities:					
Utilities	2467260	2,562,480	2,873,770	2,979,588	2,946,655
Total business-type activities expenses	2,467,260	2,562,480	2,873,770	2,979,588	2,946,655
Total primary government expenses	7,941,949	8,429,174	8,508,253	8,322,128	8,819,289
PROGRAM REVENUES					
Governmental activities:					
Charge for services:					
General government	141,938	126,133	132,788	247,301	109,181
Public Safety	475,524	522,244	556,500	580,392	448,154
Public Services and Operations	53,844	28,310	39,689	61,626	25,581
Public Works	-	-	-	-	-
Parks and Cultural	-	-	-	-	-
Operating grants and contributions	294,444	194,441	208,401	14,678	202,144
Capital grants and contributions	-	416,512	264,336	45,733	230,901
Total governmental activities program revenues	965,750	1,287,640	1,201,714	949,730	1,015,961
Business-type activities:					
Charge for services:					
Utilities	2,659,023	3,010,925	3,402,567	3,310,713	3,330,492
Capital grants and contributions	220,554	-	-	-	15,000
Total business-type activities program revenues	2,879,577	3,010,925	3,402,567	3,310,713	3,345,492
Total primary government program revenues	3,845,327	4,298,565	4,604,281	4,260,443	4,361,453
NET (EXPENSE)/REVENUE					
Governmental activities	(4,508,939)	(4,579,054)	(4,432,769)	(4,392,810)	(4,856,673)
Business-type activities	412,317	448,445	528,797	331,125	398,837
Total primary government program net expenses	$ (4,096,622)	$ (4,130,609)	$ (3,903,972)	$ (4,061,685)	$ (4,457,836)

FISCAL YEAR				
2014	**2015**	**2016**	**2017**	**2018**
$ 1,043,470	$ 1,052,425	$ 1,248,277	$ 1,639,530	$ 1,597,658
1,906,497	2,367,607	2,602,749	2,723,379	3,701,545
821,386	816,091	2,092,844	1,783,654	1,910,903
394,480	595,851	277,284	271,115	306,163
428,745	509,635	471,979	573,556	617,800
142,695	142,545	191,508	180,518	203,464
88,808	103,540	97,819	125,638	245,412
4,826,081	5,587,694	6,982,460	7,297,390	8,582,945
3,374,140	3,663,328	4,257,032	4,361,206	5,074,148
3,374,140	3,663,328	4,257,032	4,361,206	5,074,148
8,200,221	9,251,022	11,239,492	11,658,596	13,657,093
418,776	105,332	240,305	211,624	396,095
778,203	109,281	230,557	362,077	152,621
-	296,036	499,121	489,160	544,563
-	101,283	221,217	282,465	389,576
3,135	4,197	6,244	6,616	11,393
507,878	118,384	113,123	12,175	67,108
-	1,524,366	566,140	208,272	3,164,377
1,707,992	2,258,879	1,876,707	1,572,389	4,725,733
3,825,951	4,249,639	4,808,138	4,707,371	5,729,121
-	2,239,086	883,070	2,355,760	6,375,710
3,825,951	6,488,725	5,691,208	7,063,131	12,104,831
5,533,943	8,747,604	7,567,915	8,635,520	16,830,564
(3,118,089)	(3,328,815)	(5,105,753)	(5,725,001)	(3,857,212)
451,811	2,825,397	1,434,176	2,701,925	7,030,683
$ (2,666,278)	$ (503,418)	$ (3,671,577)	$ (3,023,076)	$ 3,173,471

(continued)

TOWN OF SUNNYVALE, TX
CHANGES IN NET POSITION
LAST TEN FISCAL YEARS
(accrual basis of accounting)

	FISCAL YEAR				
	2009	**2010**	**2011**	**2012**	**2013**
GENERAL REVENUES AND OTHER CHANGES IN NET POSITION					
Governmental activities:					
Taxes:					
Property tax	$ 2,470,096	$ 2,885,750	$ 2,906,223	$ 3,017,460	$ 3,061,437
Sales tax	1,749,084	1,330,813	1,665,837	2,007,188	1,172,287
Franchise tax	987,491	814,312	914,799	903,025	940,189
Alcoholic Beverage Tax	6,085	1,437	-	-	-
Investment Income	64,556	19,882	17,623	11,262	3,167
Miscellaneous	39,239	49,428	349,539	12,583	20,229
Transfers	(706,636)	25,000	286,923	(214,788)	(198,200)
Total governmental activities	4,609,915	5,126,622	6,140,944	5,736,730	4,999,109
Business-type activities:					
Investment Income	23,314	11,689	18,123	4,923	6,014
Transfers	706,636	(25,000)	(286,923)	214,788	198,200
Total business-type activities	729,950	(13,311)	(268,800)	219,711	204,214
Total primary government	5,339,865	5,113,311	5,872,144	5,956,441	5,203,323
CHANGE IN NET POSITION					
Governmental activities	100,976	547,568	1,708,175	1,343,920	142,436
Business-type activities	1,142,267	435,134	259,997	550,836	603,051
Total primary government	$ 1,243,243	$ 982,702	$ 1,968,172	$ 1,894,756	$ 745,487

Table 2
(continued)

FISCAL YEAR				
2014	**2015**	**2016**	**2017**	**2018**
$ 3,309,754	$ 3,314,131	$ 3,774,207	$ 4,272,558	$ 4,499,897
1,130,663	1,376,840	1,751,597	1,604,731	2,043,801
986,539	1,205,928	1,158,235	1,105,973	1,081,674
-	-	-	-	-
1,343	1,085	5,845	26,551	5,130
12,870	51,245	3,218	107,570	150,411
(196,611)	(98,276)	(58,992)	(604,095)	(636,276)
5,244,558	5,850,953	6,634,110	6,513,288	7,144,637
2,381	3,112	9,326	17,280	27,765
196,611	98,276	58,992	604,095	636,276
198,992	101,388	68,318	621,375	664,041
5,443,550	5,952,341	6,702,428	7,134,663	7,808,678
2,126,469	2,522,138	1,528,357	788,287	3,287,425
650,803	2,926,785	1,502,494	3,323,300	7,694,724
$ 2,777,272	$ 5,448,923	$ 3,030,851	$ 4,111,587	$ 10,982,149

TOWN OF SUNNYVALE, TX **Table 3**

GOVERNMENTAL ACTIVITIES TAX REVENUES BY SOURCE
LAST TEN FISCAL YEARS
(accrual basis of accounting)
(unaudited)

Fiscal Year	Property Tax	Sales Tax	Franchise Tax	Alcoholic Beverage Tax	Total
2009	$ 2,470,096	$ 874,542	$ 987,491	$ 6,085	$ 4,338,214
2010	2,885,750	665,407	814,312	1,437	4,366,906
2011	2,906,223	832,915	914,799	-	4,653,937
2012	3,017,460	1,003,594	903,025	-	4,924,079
2013	3,061,437	1,172,287	940,189	-	5,173,913
2014	3,309,754	1,130,663	986,539	-	5,426,956
2015	3,314,131	1,376,840	1,205,928	-	5,896,899
2016	3,774,207	1,751,597	1,158,235	-	6,684,039
2017	4,272,558	1,604,731	1,105,973	-	6,983,262
2018	4,499,897	2,043,801	1,081,674	-	7,625,372

TOWN OF SUNNYVALE, TX **Table 4**
FUND BALANCES OF GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(modified accrual basis of accounting)
(unaudited)

	FISCAL YEAR				
	2009	**2010**	**2011**	**2012**	**2013**
General Fund					
Nonspendable	$ -	$ -	$ -	$ -	$ -
Restricted	-	25,000	25,000	25,000	25,000
Assigned	-	-	298,759	171,824	163,548
Unassigned	1,273,986	1,592,652	1,748,156	2,521,642	3,064,242
Total General Fund	1,273,986	1,617,652	2,071,915	2,718,466	3,252,790
All Other Governmental Funds					
Restricted for:					
General Use	-	-	-	8,456	-
Court Use	-	-	34,192	41,689	109,568
Capital Improvements	-	-	1,474,783	1,524,500	1,540,879
Debt Service	69,013	78,509	72,645	90,463	158,605
Community Development	-	-	-	2,508,190	17,467
Street Maintenance	-	-	-	-	-
Assigned for:					
Police	-	-	4,061	67,494	-
Capital Improvements	5,314,049	5,106,889	4,011,877	1,787,461	-
Community Services	-	-	-	36,560	36,560
Unassigned	-	-	-	-	(4,027)
Total all other Governmental Funds	$ 5,383,062	$ 5,185,398	$ 5,597,558	$ 6,064,813	$ 1,859,052

	FISCAL YEAR				
	2014	**2015**	**2016**	**2017**	**2018**
General Fund					
Nonspendable	$ -	$ 40,603	$ 31,015	$ 20,685	$ 45,000
Restricted	-	151,331	350,318	-	-
Assigned	389,608	735,335	406,307	476,843	557,219
Unassigned	4,095,036	4,247,916	4,686,749	4,819,339	5,054,193
Total General Fund	4,484,644	5,175,185	5,474,389	5,316,867	5,656,412
All other governmental funds					
Restricted for:					
General Use	-	-	-	-	
Court use	150,346	112,448	164,958	171,360	193,524
Capital improvements	-	-	-	-	
Debt Service	208,243	231,611	207,146	175,013	248,126
Community development	28,831	80,368	54,092	68,041	68,543
Street Maintenance	849,987	904,966	1,126,413	1,373,872	1,531,075
Assigned for:					
Police	-	-	-	-	-
Capital improvements	871,685	895,936	898,616	5,194,458	4,355,897
Community services	-	-	-	-	-
Unassigned	(3,200)	(3,200)	(3,200)	-	-
Total all other governmental funds	$ 2,105,892	$ 2,222,129	$ 2,448,025	$ 6,982,744	$ 6,397,165

TOWN OF SUNNYVALE, TX
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(modified accrual basis of accounting)
(unaudited)

	FISCAL YEAR				
	2009	**2010**	**2011**	**2012**	**2013**
REVENUES					
Taxes:					
Property taxes	$ 2,422,829	$ 2,864,377	$ 2,814,655	$ 3,078,063	$ 3,153,354
Sales tax	1,749,084	1,330,813	1,665,838	2,007,188	1,172,287
Franchise Fees	987,491	814,312	914,799	903,025	940,189
Alcoholic Beverage Tax	6,085	1,437	-	-	-
Licenses and Permits	129,484	116,133	132,788	247,301	109,181
Fines and Forfeitures	426,629	462,136	508,964	531,767	397,035
Charge for Current Services	115,193	98,419	87,225	110,251	76,700
Impact Fees	-	-	-	-	-
Grants	-	-	-	-	-
Donations	2,200	33,900	6,600	10,890	181,130
Investment Income	64,556	19,882	17,623	11,262	3,167
Intergovernmental	292,244	519,693	466,474	67,234	36,774
Miscellaneous	59,335	49,428	353,518	12,583	20,229
Total Revenues	6,255,130	6,310,530	6,968,484	6,979,564	6,090,046
EXPENDITURES					
General government	1,075,036	1,577,806	1,749,208	1,554,890	1,365,401
Public Safety	1,862,683	1,871,816	1,991,589	1,918,488	1,922,274
Public Works	-	-	-	-	-
Parks and Recreational	-	-	-	-	-
Public Services and Operations**	1,949,887	2,241,941	1,876,671	1,681,729	2,161,178
Library	-	-	-	-	-
Capital Outlay	-	-	-	-	-
Debt Service					
Principal Retirement	200,000	275,764	265,000	295,000	4,805,000 *
Interest and other charges	224,823	222,201	210,757	200,863	173,120
Bond issuance costs	-	-	-	-	73,452
Total Expenditures	5,312,429	6,189,528	6,093,225	5,650,970	10,500,425
Excess (deficiency) of revenues over (under) expenditures	942,701	121,002	875,259	1,328,594	(4,410,379)
OTHER FINANCING SOURCES (USES):					
Transfers	(52,893)	173,320	121,188	149,520	25,000
Gain on sale of assets	-	-	-	-	-
Issuance of Tax Note	-	-	-	-	-
Issuance of Certificates of Obligation	-	-	-	-	4,549,032 *
Total other financing sources (uses)	(52,893)	173,320	121,188	149,520	4,574,032
NET CHANGE IN FUND BALANCES	$ 889,808	$ 294,322	$ 996,447	$ 1,478,114	$ 163,653
Debt service as a percentage of noncapital expenditures	8.00%	8.05%	7.81%	8.77%	7.21%

* Refunding bond in fiscal year 2013.

** Public Services and Operations includes Community Development, Library, and Parks and Streets for years 2005-2013.

Table 5

FISCAL YEAR				
2014	**2015**	**2016**	**2017**	**2018**
$ 3,269,744	$ 3,400,741	$ 3,750,703	$ 4,248,741	$ 4,528,010
1,130,663	1,376,840	1,751,597	1,604,731	2,043,801
986,539	1,205,928	1,158,235	1,105,973	1,081,673
-	-	-	-	-
334,239	163,582	357,698	497,981	512,303
616,098	299,291	503,179	495,435	548,289
32,713	44,415	43,742	49,486	44,080
217,064	101,283	221,217	282,465	389,576
10,383	-	-	-	13,195
-	687	1,119	1,085	620
1,343	1,085	3,218	26,551	117,697
492,973	195,389	170,162	266,290	84,730
12,870	51,245	5,844	106,195	5,130
7,104,629	6,840,486	7,966,714	8,684,933	9,369,104
949,165	930,884	1,068,827	1,705,243	1,423,454
1,821,954	2,259,340	2,452,774	2,364,482	3,574,902
311,230	444,662	1,459,117	1,033,291	908,421
358,761	438,869	390,696	370,788	602,178
821,385	836,325	741,970	812,361	1,116,323
142,695	146,395	193,428	179,388	197,395
541,695	1,095,256	425,501	772,040	210,724
380,000	450,000	634,097	660,170	681,804
102,439	103,540	97,819	193,033	245,412
-	23,041			
5,429,324	6,728,312	7,464,229	8,090,796	8,960,613
1,675,305	112,174	502,485	594,137	408,491
(196,611)	(98,276)	(58,992)	(604,095)	(654,518)
-	7,880	81,607	26,573	-
-	785,000	-	-	-
-	-	-	4,360,581	-
(196,611)	694,604	22,615	3,783,059	(654,518)
$ 1,478,694	$ 806,778	$ 525,100	$ 4,377,196	$ (246,027)
9.87%	9.83%	10.40%	11.66%	10.60%

TOWN OF SUNNYVALE, TX **Table 6**

ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY
LAST TEN FISCAL YEARS
(unaudited)

Fiscal Year Ended Sept. 30	Estimated Actual Value		Less: Tax Exempt Real Property	Total Taxable Assessed Value	Total Direct Tax Rate	Total Taxable Assessed Value Inc / (Dec)
	Real Property	Personal Property				
2009	694,308,390	172,737,840	204,099,250	662,946,980	0.37796	13.75%
2010	745,473,070	207,664,100	235,483,988	717,653,182	0.40796	7.62%
2011	792,081,080	196,648,770	260,331,798	728,398,052	0.40796	1.48%
2012	802,789,310	208,338,430	242,170,205	768,957,535	0.40796	5.27%
2013	809,693,090	199,622,700	260,261,093	749,054,697	0.40796	-2.66%
2014	856,130,210	232,716,580	283,769,366	805,077,424	0.40796	6.96%
2015	888,189,540	218,121,640	274,631,565	831,679,615	0.40796	3.20%
2016	931,852,220	294,122,850	301,684,556	924,290,514	0.40796	10.02%
2017	1,032,922,190	303,227,460	364,392,341	971,757,309	0.40796	4.88%
2018	1,118,858,490	304,117,440	351,596,731	1,071,379,199	0.41309	9.30%
					Avg	5.98%

Source: Town Administration Office.

Note: Property is reassessed annually. Property is assessed actual value; therefore, the assessed values are equal to actual value.
Tax rates are per $100 of assessed value.

Residential: includes single family, vacant lots, acreage, farm and ranch
Commercial: includes real property, industrial and utilities

TOWN OF SUNNYVALE, TX **Table 7**
PROPERTY TAX RATES
DIRECT AND OVERLAPPING GOVERNMENTS
LAST TEN FISCAL YEARS
(PER $100 OF ASSESSED VALUE)
(unaudited)

	Town Direct Rates			Overlapping Rates *		
Fiscal Year Ended Sept. 30	Operating/ General Rate	General Obligation Debt Service	Total Direct	Sunnyvale Independent School District	Dallas County	Total Direct and Overlapping Rates
2009	0.3448	0.0332	0.3780	1.3700	0.2281	1.9761
2010	0.3536	0.0544	0.4080	1.3600	0.2281	1.9961
2011	0.3530	0.0550	0.4080	1.3510	0.2431	2.0021
2012	0.3230	0.0850	0.4080	1.4100	0.2431	2.0611
2013	0.3074	0.1006	0.4080	1.4100	0.2431	2.0611
2014	0.3177	0.0902	0.4080	1.4100	0.2431	2.0611
2015	0.3368	0.0712	0.4080	1.4100	0.2431	2.0611
2016	0.3392	0.0688	0.4080	1.4100	0.2431	2.0611
2017	0.3392	0.0688	0.4080	1.4100	0.2431	2.0611
2018	0.3485	0.0646	0.4131	1.5200	0.2431	2.1762

Source: Town Administration Office and Dallas Central Appraisal District

*Overlapping rates are those of local and county governments that apply to property owners within the Town of Sunnyvale, Texas.

TOWN OF SUNNYVALE, TX **Table 8**

PRINCIPAL PROPERTY TAXPAYERS
CURRENT YEAR AND TEN YEARS AGO
(unaudited)

	2018[1]			2009[2]		
Taxpayer	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
DAL TILE CORPORATION	$ 116,576,381	1	9.51%			
SABRA TEXAS PROPERTIES LP	31,150,000	2	2.54%			
LLH MRS MASTER RE LLC	20,500,000	3	1.67%			
HOMATEX LP	16,063,420	4	1.31%			
RKS SUNNYVALE LLC	13,171,170	5	1.07%			
301 CLAY RD LLC	10,311,580	6	0.84%			
ARHC SMSVLT01 LLC	9,954,160	7	0.81%			
ONCOR ELECTRIC DELIVERY	9,627,360	8	0.79%			
SAL 2016 LLC	9,500,000	9	0.77%			
FEDERAL EXPRESS	7,222,750	10	0.59%			
DAL TILE CORPORATION				$ 20,079,616	1	2.80%
AMERICAN MARAZZI TILE INC.				17,533,039	2	2.44%
HOMATEX LP				16,491,010	3	2.30%
CP SUNNYVALE PROPERTY LTD				15,749,140	4	2.19%
AMERICAN MARAZZI TILE INC.				13,328,753	5	1.86%
STONE 38 LLC				9,795,190	6	1.36%
WAL MART EAST INC				8,354,060	7	1.16%
GC LEASING SERVICES INC				7,132,880	8	0.99%
MILLARD REFRIDGERATED SERVICES				6,828,930	9	0.95%
ONCOR ELECTRIC DELIVERY				5,178,660	10	0.72%
Total	$ 244,076,821		19.91%	$ 120,471,278		16.79%
Total valuation of Town net of exempt property	$ 1,225,860,828			$ 717,653,182		

Source: [1] Dallas County Tax Office
[2] Municipal Advisory Council of Texas

TOWN OF SUNNYVALE, TX **Table 9**
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS
(unaudited)

Fiscal Year Ended	Total Tax Levy for	Collected within the Fiscal Year of the Levy		Collections in Subsequent	Total Collections to Date	
Sept. 30	Fiscal Year	Amount	% of Levy	Years	Amount	% of Levy
2009	2,495,391	2,409,050	96.54%	85,620	2,494,670	99.97%
2010	2,965,195	2,785,208	93.93%	179,028	2,964,235	99.97%
2011	2,972,083	2,764,037	93.00%	207,094	2,971,131	99.97%
2012	3,139,017	2,919,286	93.00%	217,457	3,136,743	99.9%
2013	3,089,815	2,977,346	96.36%	99,286	3,076,632	99.6%
2014	3,288,047	3,241,651	98.59%	34,127	3,275,778	99.6%
2015	3,392,837	3,335,116	98.30%	43,048	3,378,164	99.6%
2016	3,746,450	3,696,188	98.66%	31,947	3,728,135	99.5%
2017	3,903,070	3,874,714	99.27%	26,344	3,901,058	99.9%
2018	4,384,310	4,359,156	99.43%	25,896	4,385,052	100.0%

Source: First Southwest Company, Dallas County Tax Office Year End Report, Texas Municipal Reports

TOWN OF SUNNYVALE, TX **Table 10**
RATIO OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS
(unaudited)

	Governmental Activities			Business-Type Activities					
Fiscal Year	General Obligations	Tax Note	Capital Lease	Certificates of Obligation	General Obligations	Other Obligations	Total Primary Government	Percentage of Personal Income (1)	Per Capita (1)
2009	5,600,000	-	-	4,140,000	-	363,857	10,103,857	5.67%	2,196
2010	5,365,000	-	-	3,005,707	950,000	296,892	9,617,599	*	1,869
2011	5,100,000	-	-	2,937,036	3,845,000	219,163	12,101,199	*	2,259
2012	4,805,000	-	-	2,815,364	3,620,000	185,051	11,425,415	5.40%	2,080
2013	4,541,976	-	-	2,840,000	3,247,541	126,493	10,756,010	4.58%	1,903
2014	4,145,040	-	-	2,899,987	2,763,858	118,058	9,926,943	4.42%	1,757
2015	3,728,105	735,000	-	2,641,573	2,588,576	109,623	9,802,877	3.92%	1,700
2016	3,296,169	615,000	492,457	2,608,603	2,135,000	144,040	9,291,269	3.42%	1,537
2017	7,188,501	495,000	402,288	2,468,477	1,820,000	132,031	12,506,297	4.43%	2,083
2018	6,685,786	375,000	310,484	2,328,824	1,675,000	120,024	11,495,118	3.64%	1,771

Note 1: Details regarding the Town's outstanding debt can be found in the notes to the financial statements.
(1) See Table 15 for personal income and population data.

TOWN OF SUNNYVALE, TX **Table 11**
RATIOS OF GENERAL BONDED DEBT OUTSTANDING
LAST TEN FISCAL YEARS
(unaudited)

Fiscal Year	General Obligations	Less: Debt Service Fund	Total	Percentage of Estimated Actual Taxable Value of Property [1]	Per Capita [2]
2009	5,600,000	69,013	5,530,987	0.83%	1,202
2010	5,365,000	78,509	5,286,491	0.74%	1,027
2011	5,100,000	72,645	5,027,355	0.69%	939
2012	4,805,000	90,463	4,714,537	0.61%	858
2013	4,541,976	158,605	4,383,371	0.59%	776
2014	4,145,040	199,293	3,945,747	0.49%	698
2015	4,463,105	231,611	4,231,494	0.51%	734
2016	4,403,626	207,145	4,196,481	0.45%	694
2017	8,085,789	175,012	7,910,777	0.81%	1,318
2018	7,371,270	248,126	7,123,144	0.66%	1,097

Note: Details regarding the Town's outstanding debt can be found in the notes to the financial statements.

Source:

1 See the Schedule of Assessed Value and Estimated Actual Value of Taxable Property on Table 6 for property value data.

2 Population data can be found in the Schedule of Demographic and Economic Statistics on Table 15.

TOWN OF SUNNYVALE, TX **Table 12**

DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT

SEPTEMBER 30, 2018

(unaudited)

Governmental Subdivision	Gross Bonded Debt	Percentage of Debt Applicable to Area [1]	Town Share of Overlapping Debt
Dallas County	$ 172,265,000	0.48%	$ 826,872
Dallas County CCD	228,350,000	0.48%	1,096,080
Dallas County Hospital District	687,775,000	0.48%	3,301,320
Dallas County Schools	36,600,000	0.48%	175,680
Sunnyvale I S D	97,144,558	100.00%	97,144,558
	$1,222,134,558		102,544,510
Town of Sunnyvale, Texas direct debt			10,505,000
			$ 113,049,510
Ratio of overlapping bonded debt to taxable assessed valuation (valued at 100% of market value)			9.22%
Per capita overlapping bonded debt			$17,416

Source: "Texas Municipal Report" as of September 30, 2017, prepared by the Municipal Advisory Council.

Note: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the Town. This schedule estimates the portion of the outstanding debt of those overlapping government that is borne by the residents and businesses of the Town of Sunnyvale. This process recognizes that, when considering the Town of Sunnyvale's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt of each overlapping government.

(1) The percentage of overlapping debt applicable is estimated using the taxable assessed property values. Applicable percentages were estimated by determining the portion of the overlapping government's taxable assessed value that is within the Town of Sunnyvale's boundaries and dividing it by the overlapping government's total taxable assessed value.

TOWN OF SUNNYVALE, TX **Table 13**
LEGAL DEBT MARGIN INFORMATION
LAST TEN FISCAL YEARS
(unaudited)

	FISCAL YEAR				
	2009	**2010**	**2011**	**2012**	**2013**
Debt Limit	$ 2.50	$ 2.50	$ 2.50	$ 2.50	$ 2.50
Current Tax Rate	0.40796	0.40796	0.40796	0.40796	0.40796
Available Tax Rate	$ 2.09204	$ 2.09204	$ 2.09204	$ 2.09204	$ 2.09204
Total net debt applicable to the limit as a percentage of debt limit	19.50%	19.50%	19.50%	19.50%	19.50%

	FISCAL YEAR				
	2014	**2015**	**2016**	**2017**	**2018**
Debt Limit	$ 2.50	$ 2.50	$ 2.50	$ 2.50	$ 2.50
Current Tax Rate	0.40796	0.40796	0.40796	0.40796	0.41309
Available Tax Rate	$ 2.09204	$ 2.09204	$ 2.09204	$ 2.09204	$ 2.08691
Total net debt applicable to the limit as a percentage of debt limit	19.50%	19.50%	19.50%	19.50%	19.79%

TOWN OF SUNNYVALE, TX **Table 14**
PLEDGED-REVENUE COVERAGE
LAST TEN FISCAL YEARS
(unaudited)

Fiscal Year	Tax and Revenue Refunding Bonds					
	Total Revenues [a]	Less: Operating Expenses [b]	Net Available Revenue	Debt Service		Times Coverage
				Principal	Interest	
2009	2,659,023	2,148,772	510,251	225,000	176,404	1.27
2010	3,010,925	2,194,993	815,932	250,000	142,634	2.08
2011	3,402,567	2,477,007	925,560	340,000	280,625	1.49
2012	3,310,713	2,554,226	756,487	448,419	238,541	1.10
2013	3,330,492	2,517,502	812,990	417,004	184,951	1.35
2014	3,825,951	2,922,114	903,837	415,000	174,875	1.53
2015	4,079,273	3,118,955	960,318	425,000	163,950	1.63
2016	4,208,074	3,703,658	504,416	440,000	152,375	0.85
2017	4,381,231	3,734,548	646,683	275,000	143,075	1.55
2018	5,407,543	4,280,436	1,127,107	280,000	134,800	2.72

Note: Details regarding the Town's outstanding debt can be found in the notes to the financial statements.

a Revenue does not include transfers or non-operating revenues.

b Includes operating expenses minus depreciation, bond issuance costs, and other non-operating expenses.

TOWN OF SUNNYVALE, TX **Table 15**
DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN FISCAL YEARS
(unaudited)

Fiscal Year	Estimated Population [1]	Personal Income	Per Capita Personal Income [2]	Median Age [5]	School Enrollment [3]	Unemployment Rate [4]
2009	4,600	178,043,000	$ 38,705	(a)	1,010	7.7%
2010	5,147	-	(a)	42.6	1,154	8.2%
2011	5,356 **	-	(a)	(a)	1,224	7.8%
2012	5,494 **	211,694,808	38,532	(a)	1,291	6.8%
2013	5,651 **	224,791,129	39,779	(a)	1,361	6.2%
2014	5,651 **	224,791,129 **	(a)	(a)	1,512	5.5%
2015	5,766	250,077,186	43,371 (b)	41.9 (c)	1,565	4.0%
2016	6,044 **	271,816,812	41,398	39.6 (c)	1,638	3.9%
2017	6,004	282,398,140	47,035	40.4	1,752	4.0%
2018	6,491	315,501,546	48,606	38	1,814	3.7%

Sources:
1 North Texas Council of Governments, US Census, Town Officials
2 US Department of Commerce - Bureau of Economic Analysis, U.S. Census Bureau
3 Sunnyvale Independent School District
4 US Department of Labor - Bureau of Labor Statistics - DFW Region
5 Town Charts/Texas Demographics/Sunnyvale, American Fact Finder
** Estimated
(a) Information not available
(b) TX HomeTownLocator (as of July 1, 2015)
(c) US Census Bureau - American Fact Finder (2010-2014 5 year estimate)

TOWN OF SUNNYVALE, TX **Table 16**
PRINCIPAL EMPLOYERS
CURRENT YEAR AND TEN YEARS AGO
(unaudited)

	2018	2009
Business Sector	**Number of Employees**	**Number of Employees**
Agriculture, Forestry, Fishing, Hunting & Mining	0	0
Construction	169	159
Manufacturing	243	323
Wholesale Trade	77	86
Retail Trade	437	203
Transportation & Warehousing, and Utilities	75	96
Information	95	31
Finance, Insurance, Real Estate, Rental & Leasing	266	147
Professional, Scientific, Management, & Administrative & Waste Management Services	436	410
Educational Services, and Health Care & Social Assistance	886	770
Arts, Entertainment, Recreation, and Accommodation & Food Services	109	96
Other Services, except Public Administration	180	171
Public Administration	125	106

Note: The Town of Sunnyvale is a relatively small municipality with a geographic area of approximately 16 square miles. Infomration is from the U.S. Census Bureau, American Fact Finder American Community Selected Economic Characteristics Survey 5 Year Estimates 2013-2017 and 2011-2015.

TOWN OF SUNNYVALE, TX **Table 17**
FULL-TIME EQUIVALENT TOWN GOVERNMENT EMPLOYEES BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS
(unaudited)

	Fiscal Year									
Function / Program	**2009**	**2010**	**2011**	**2012**	**2013**	**2014**	**2015**	**2016**	**2017**	**2018**
General government										
Administrative Services										
Town Manager	1	1	1	1	1	1	1	1	1	2
Town Secretary	1	1	1	1	1	1	1	1	1	1
Secretary/Admin Assistant	1	1	1	1	1	1	1	1	0	0
Economic Development				1	1	1	1	1	1	1
Financial Services										
Finance	2	2	2	2	2	2	3	3	3	3
Municipal Court	2	2	2	2	2	2	2	2	3	2
Municipal Court Judge	1	1	1	1	1	1	1	1	1	1
Library	4	4	4	3	3	3	3	3	3	3
Public Safety										
Police **	0	0	0	0	0	0	0	0	0	0
Development Services	4	4	4	4	4	4	5	5	5	7
Fire	2	2	2	1	1	4	5	5	5	8
Parks & Streets	6	5	7	7	7	7	7	7	8	8
Water and Sewer Systems	6	6	6	6	6	6	6	8	9	9
Total	30	29	31	30	30	33	36	38	40	45

Source: Town Administration Office.

** All positions contracted with Dallas County

TOWN OF SUNNYVALE, TX
OPERATING INDICATORS BY FUNCTION
LAST TEN FISCAL YEARS
(unaudited)

Table 18

Function/Program	Fiscal Year 2009	2010	2011	2012	2013	2014	Fiscal Year 2015	2016	2017	2018
Judicial										
Municipal Court Fines	$ 399,536	$ 432,809	$ 478,838	$ 497,790	$ 375,898	$ 442,434	$ 370,378	$ 426,246	$ 457,607	$ 520,854
Fire										
Fire Calls	31	30	34	31	33	30	38	42	28	27
Fire Loss	$39,600	$414,560	$30,000	$296,390	$2,500	$20,000	$82,290	$174,000	$1,043,070	$658,460
New Development										
Permits Issued (Units)	(a)	(a)	(a)	44	120	102	44	108	90	97
Permit Value	(a)	(a)	(a)	$265,335 (b)	$292,092	$521,027	$14,041,157	$55,916,721	$60,916,508	$117,621,670
Streets										
Miles of Streets Maintained	54.69	54.69	54.69	54.69	54.69	55.7	57.63	59.11	60.11	63.71
Health										
Animals Impounded	(a)	116	121	103	151	133	133	168	178	170
Cultural and Recreational										
Parks										
Parks Maintained	5	5	5	5	5	5	5	5	5	5
Sanitation Service										
Refuse Customers	1,886	2026	2,059	2,117	2,155	2,178	1,947	1,965	2,071	2,153
Water										
Number of Water Customers	1,886	2026	2,059	2,117	2,155	2,178	2,256	2,336	2,492	2,597
Estimated Gallons Billed (in thousands)	529,231	505,051	562,521	457,540	577,817	422,669	478,108	462,682	450,176	584,989
Sewer										
Number of Wastewater Customers	1,358	1,388	1,441	1,528	1,530	1,575	1,587	1,641	1,741	1,820

Sources: Various government departments.
(a) Information not available
(b) Information reflects Jan-Sept 2012 activity only

TOWN OF SUNNYVALE, TX
CAPITAL ASSET STATISTICS BY FUNCTION
LAST TEN FISCAL YEARS
(unaudited)

Function	2009	2010	2011	2012
Police				
Number of Stations	1	1	1	1
Fire				
Number of Stations	1	1	1	1
Fire Hydrants	568	616	657	662
Streets				
Miles of Streets	54.69	54.69	54.69	54.69
Cultural and Recreational				
Parks Maintained	5	5	5	5
Water				
Water Storage Capacity (gallons)	800,000	800,000	800,000	800,000

Sources: Various government departments.

Table 19

Fiscal Year					
2013	**2014**	**2015**	**2016**	**2017**	**2018**
1	1	1	1	1	1
1	1	1	1	1	1
685	710	796	842	875	940
54.69	55.7	57.63	59.11	60.11	63.71
5	5	5	5	5	5
800,000	800,000	800,000	800,000	1,725,000	1,750,000